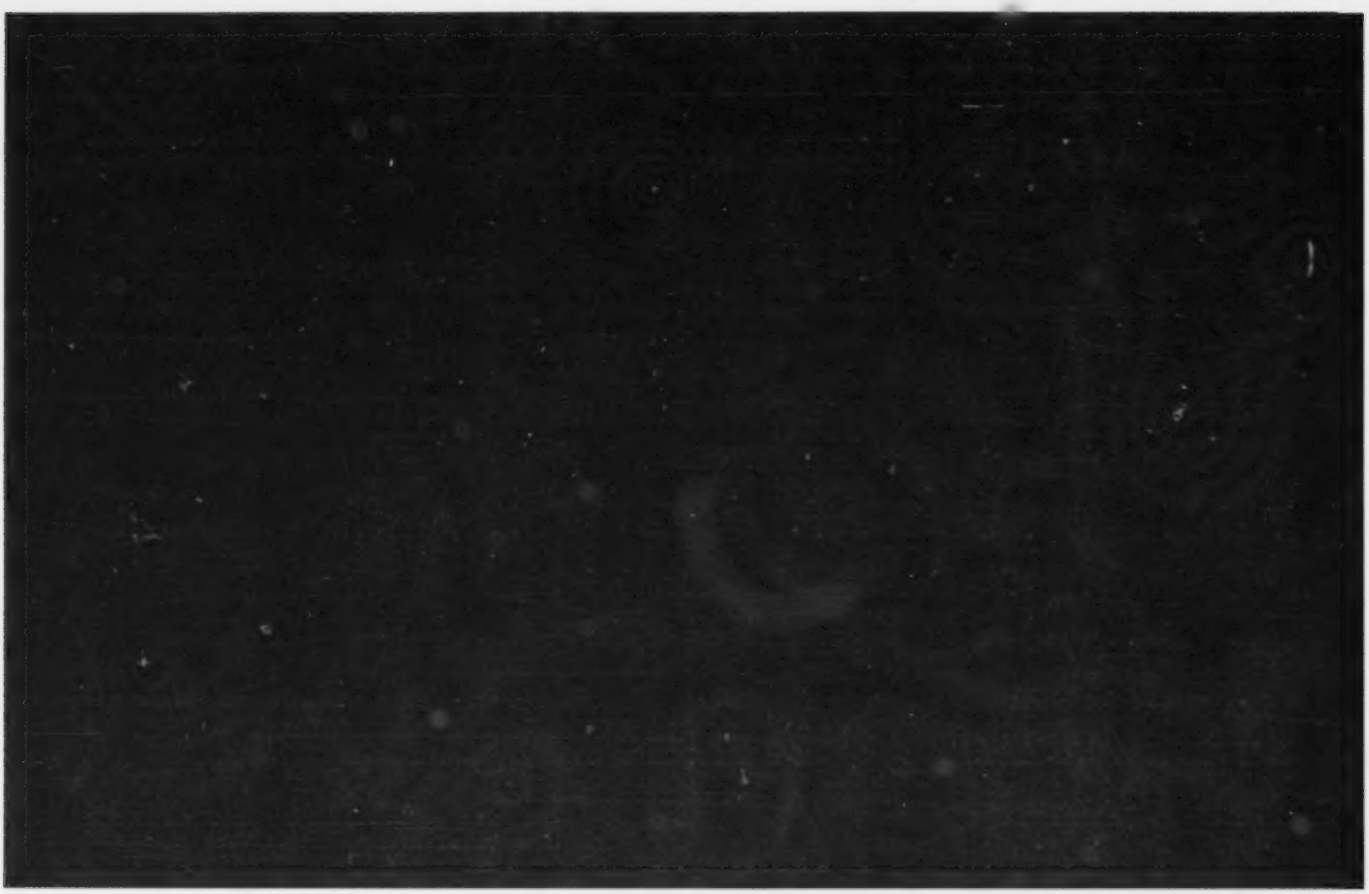
Workplace Health, Safety and Compensation Commission

Destination: Safety

Annual Performance Report 2007



Annual Performance Report 2007

Destination: Safety

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Letter to the Minister

The Honourable Shawn Skinner
Minister of Human Resources, Labour and Employment

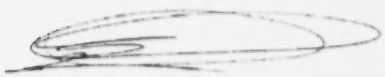
Dear Minister Skinner:

As Chairperson of the Workplace Health, Safety and Compensation Commission (the Commission), I hereby submit the 2007 Annual Performance Report in accordance with the Government's commitment to accountability. The Report was prepared under my direction and in accordance with the *Transparency and Accountability Act* and the Guidelines for Category 1 Annual Performance Reports.

The Report presents the achievements and outcomes of the Commission's 2007 objectives, as well as future opportunities to support its commitment to providing services to injured workers and dependents, employers and the public through the administration of the *Workplace Health, Safety and Compensation Act*.

As Chairperson, my signature below is indicative of the Board's accountability for the preparation of the Commission's Annual Performance Report 2007 and the actual achievement of the goals and objectives as reported.

Respectfully submitted,



Ralph Tucker
Chairperson, Board of Directors
Workplace Health, Safety and Compensation Commission

May 30, 2008

Date

A Message from the Board Chair and Chief Executive Officer

Ralph Tucker
Chairperson, Board of Directors
Leslie Galway
Chief Executive Officer

Life is a journey and a big part of life is the time we spend in our workplace.

The Workplace Health, Safety and Compensation Commission (the Commission) is committed to eliminating workplace injuries and fatalities by working with stakeholders to make every workplace in this province a model for occupational health and safety.

All workers have the right to a healthy and safe working environment. Those who suffer a workplace injury have the right to return to work safely. Employers of choice are realizing that healthy and safe workplaces make good business sense.

A Look Back

Last year was a great year for Newfoundland and Labrador. In addition to the boom in the economy, employers and workers had something to celebrate as the lost time incidence rate continued to decline. In 2007, the lost time incident rate declined to 2.0 from 3.2 in 2000, representing a 38 per cent reduction, which means that almost 14,000 Newfoundlanders and Labradorians were not injured on the job. This is impressive considering that this coincided with a 10 per cent increase in employment. Compared with the rest of Canada, Newfoundland and Labrador has moved from having one of the highest incidence rates in 2000 to one of the lowest in 2007.

We now rank third behind only Ontario and Prince Edward Island in having the safest workplaces. We congratulate employers, workers, labour, Occupational Health and Safety Branch of Government Services and our dedicated staff on an outstanding effort.

Injury Prevention Education & Awareness

Occupational health and safety and injury prevention is everyone's responsibility and critical to the Commission's long term success. The Commission has a number of key initiatives to promote injury prevention and health and safety. These programs include the CEO Leadership Charter event and a social marketing campaign (SAFE Work), which was developed in partnership with the Nova Scotia and Prince Edward Island workers' compensation boards. One of the Commission's flagship programs is our prevention priority employer program. Employers with high injury rates and long delays in returning injured workers to their pre-injury employment were offered help managing their occupational health and safety programs. The 242 employers who participated in the program realized a claims reduction of 7.6 per cent with soft tissue injuries decreasing 11.1 per cent. The program demonstrates that forming partnerships to improve safety performance can yield tremendous results.

Mel Camilli an injured worker from Bristish Columbia spoke to over 3,700 students in our province

Our path also led to a renewed focus on engendering a strong safety culture within our young people. The Commission implemented a three-day skilled trades program in collaboration with the Department of Education, trained fifty teachers and continued our high school radio ad contest. To drive home the safety message, we arranged for Mel Camilli, an injured worker from British Columbia, to bring his inspiring personal story to over 3700 students.

Client Service

The Commission completed the third year of PRIME, a major employer incentive program. PRIME is designed to be responsive to employers who demonstrate compliance with health and safety and return to work practices. Since the program's inception in 2005, we have refunded employers $10.8 million. Another $8.2 million was available for rebate had all eligible employers opted to participate. The program will be expanded in 2008 with the implementation of an experience component for large employers.

We continue with our strategic projects to enhance client service. Staff worked to advance our new claims management model with a focus on claims registration. A pilot client service office was created for a six month period to facilitate timely resolution to issues and recommend service improvements.

Stakeholder Consultation

We believe in working with our stakeholders. The Commission continued to solicit feedback on major policies; to discuss health, safety and compensation issues; to communicate organizational achievements; and to enhance communications.

Sectoral Councils

The Commission is committed to the development of industry sectoral councils in which industry will take an ownership and leadership role in managing health and safety issues. The Board approved funding guidelines to financially assist industry groups interested in initiating sectoral councils. The Board also approved funding for sectoral advisors for the Newfoundland and Labrador Federation of Labour and the Newfoundland and Labrador Employers' Council.

Board Governance

The Board developed a new three-year strategic plan to guide the organization and structured its committees to be more responsive to stakeholders. In particular, our Worker and Employer Services Committees are mandated to communicate on a consistent basis with our partners.

Financial Highlights

The Commission maintained an average assessment rate of $2.75 for the second year in a row. Even though average assessment rates remained at the same level as in 2006, revenues increased from $124.8 million to $137.7 million, an increase of 10.4 per cent. This was primarily attributable to a growth in the province's payroll base, as well as a shift in payrolls to those industries with higher average assessment rates such as fishing and construction. Our average assessment rate in 2007 was 19 per cent higher than the average rate of other workers' compensation boards in Atlantic Canada. In 2002, we were 45 per cent higher.

The Commission was 96.3 per cent funded at the end of 2007 compared with 98.8 per cent at the end of 2006. This decline is primarily due to the growth in liabilities outpacing the growth in assets. There was a marginal increase of $5 million in the market value of the injury fund assets in 2007 compared with an increase of $99.4 million in 2006. A very challenging investment market in 2007 limited injury fund growth.

Benefit costs increased $1.3 million to $138.3 million, primarily due to an increase in long term disability claims which is partially offset by reduced health care costs. The average cost of a long term disability claim increased to $125,000 from $115,000 while the number of long term claims per injury year is projected to be 204 in 2007 down from 216 in 2006. Our enhanced health care procurement policies are primarily responsible for a reduction in our health care costs. Administration expenses were $23.8 million compared with $22.4 million in 2006. The increase was due to the addition of new staff to enhance client service and a negotiated salary increase.

Human Resources

The Commission has highly competent and skilled staff who are dedicated to working with our clients and continuously improving service. In 2007, satisfaction levels jumped significantly from 63.6 per cent in 2006 to 68.7 per cent, which is the highest since the survey was initiated in 2002.

Change management is a key part of the Commission's culture. We have looked for new ways for staff to work together, find creative solutions to problems and communicate more effectively. We established a management and staff change committee and have availed of a formal change management training program.

Moving Forward

As we continue on the road to Destination: Safety, injury prevention is our main priority. We know a continued focus on prevention is the best strategy to reduce the human suffering and financial costs caused by workplace injuries.

When injuries do occur, our response will be focused on early intervention to ensure appropriate health care is provided and early and safe return to work is achieved.

The mission of our new strategic plan is improved client service. We will continue to enhance claims management processes and introduce new online services to become a more responsive organization. We have developed human resource strategies for recruitment and retention of quality staff to meet our clients' needs.

The Commission is committed to ensuring the financial stability and sustainability of our system. To realize this commitment, we have developed a draft funding policy which will be implemented in consultation with stakeholders.

We would be remiss not to congratulate Joe O'Neill who served as our acting CEO for two and a half years. Joe retired from the public service after an outstanding 35 years of service. As our CEO he initiated a clear course for the organization and was instrumental in creating an effective approach to stakeholder communication.

We would also like to thank former Employer Representative, Bernice Buckle, for her longstanding tenure on the Board and her dedication to promoting safety to employers and workers across our province. Bernice was a committed Board member and her advocacy for youth safety was infectious.

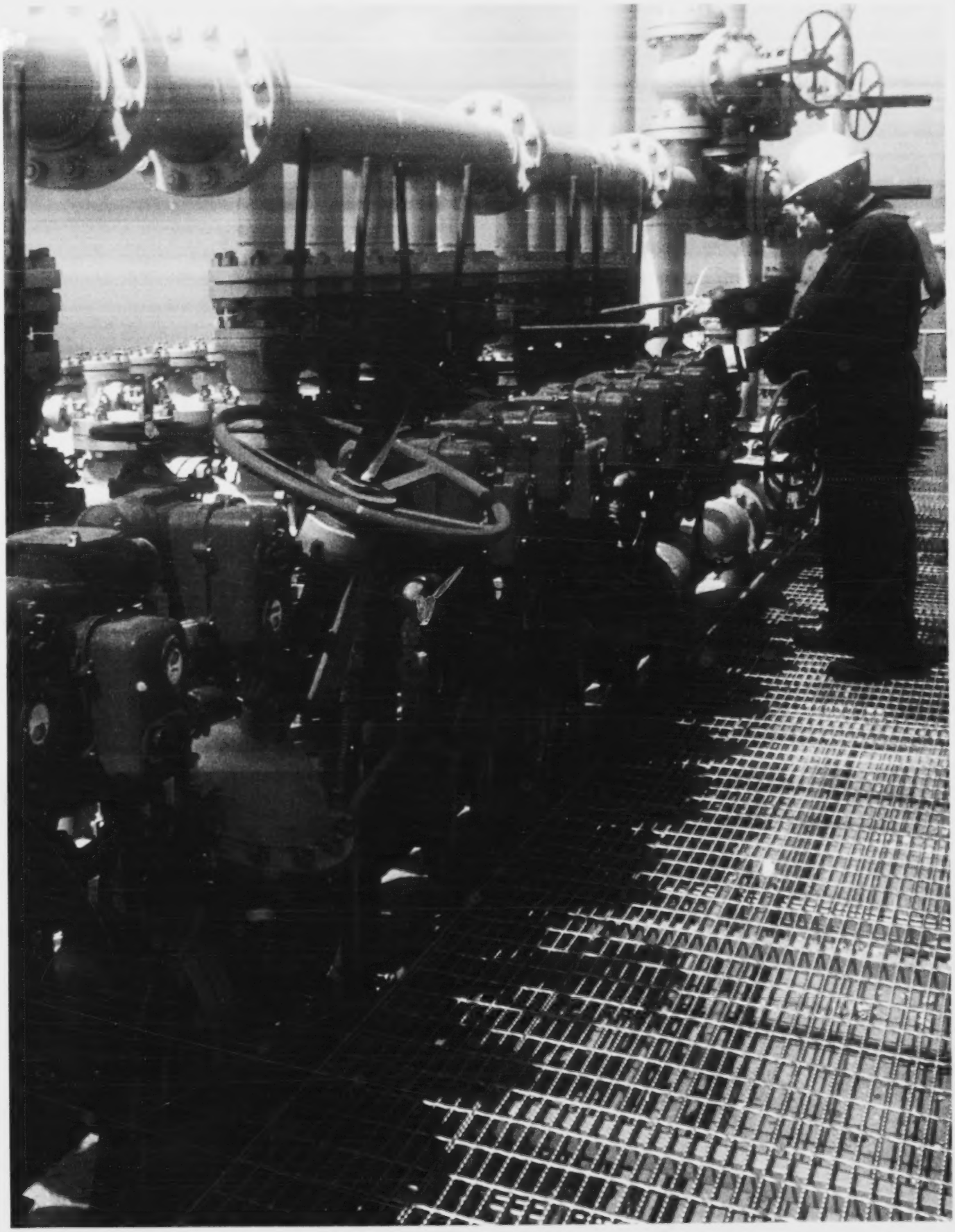
Of course, we would also like to take this opportunity to thank the Commission's Board of Directors and our team of staff who are committed to building a stronger and more responsive workplace health, safety and compensation system.

Every Newfoundlander and Labradorian has the right to come home from work safely, everyday.

Together on this journey, we must make the destination safety.

Ralph Tucker
Chairperson, Board of Directors
Workplace Health, Safety and
Compensation Commission

Leslie Galway
Chief Executive Officer
Workplace Health, Safety and
Compensation Commission



Board of Directors

back row from left to right

Grant Barnes Louise Ade Frances Lake George Kean Jack Parsons Darren Roberts

Kimberly Dunphy Leslie Galway Ralph Tucker Peggy Roche Elizabeth Forward

front row from left to right

missing from photo: Josephine Budgell

Ralph Tucker
Chairperson

Ex-Officio Members

Leslie Galway
Chief Executive Officer

Kimberly Dunphy
Assistant Deputy Minister, Occupational Health & Safety, Department of Government Services

Louise Ade
Worker Representative

Grant Barnes
Worker Representative

George Kean
Worker Representative

Elizabeth Forward
Employer Representative

Jack Parsons
Employer Representative

Darren Roberts
Employer Representative

Josephine Budgell
Public Representative

Frances Lake
Public Representative

Peggy Roche
Public Representative

Senior Executive Team

(clockwise from centre foreground)

Leslie Galway
Chief Executive Officer

Paul Kavanagh
Chief Financial and Information Officer

Tom Mahoney
Executive Director, Worker Services

Helen Kavanagh
Executive Assistant

Ann Martin
General Counsel and Corporate Secretary

Eric Bartlett
Executive Director, Corporate Services

Chris Rodgers
Executive Director, Employer Services

Board of Directors Workplace Health, Safety and Compensation Commission Overview

The vision of the Commission is of safe and healthy workplaces within a viable and sustainable insurance system, which reduces the impact of workplace injuries by providing the highest level of service to workers and employers.

The Workplace Health, Safety and Compensation Commission (the Commission) is an employer-funded, no fault work-injury insurance system, which is administered under the *Workplace Health, Safety and Compensation Act* (the *Act*). The Commission promotes safe and healthy workplaces, provides return to work programs and fair benefits to injured workers and their dependents based on reasonable assessment rates.

Vision

The vision of the Commission is of safe and healthy workplaces within a viable and sustainable insurance system, which reduces the impact of workplace injuries by providing the highest level of service to workers and employers.

Mission Statement

By December 31, 2010, the Commission will have improved client service to support the prevention and management of workplace injuries and occupational illnesses and diseases.

Values

Transparency	Each individual will work to ensure programs and services are easy to access and understand and decisions and actions are clear, reasonable and open to examination.
Compassion	Each individual will treat each other and those they serve truthfully, fairly and with care and empathy.
Leadership	Each individual will perform their roles and responsibilities and will work towards being a recognized leader in their position; and each individual will initiate and promote improvements in how they serve others and work together.
Accountability	Each individual will be responsible for their actions and performance.
Teamwork	Each individual will support each other and work collaboratively to ensure the Commission fulfills its mandate.

Lines of Business

The Commission has three lines of business:

- Education on the prevention of workplace injuries, illnesses, and occupational disease.
- Injured workers' claims management.
- Employer assessments (insurance coverage).

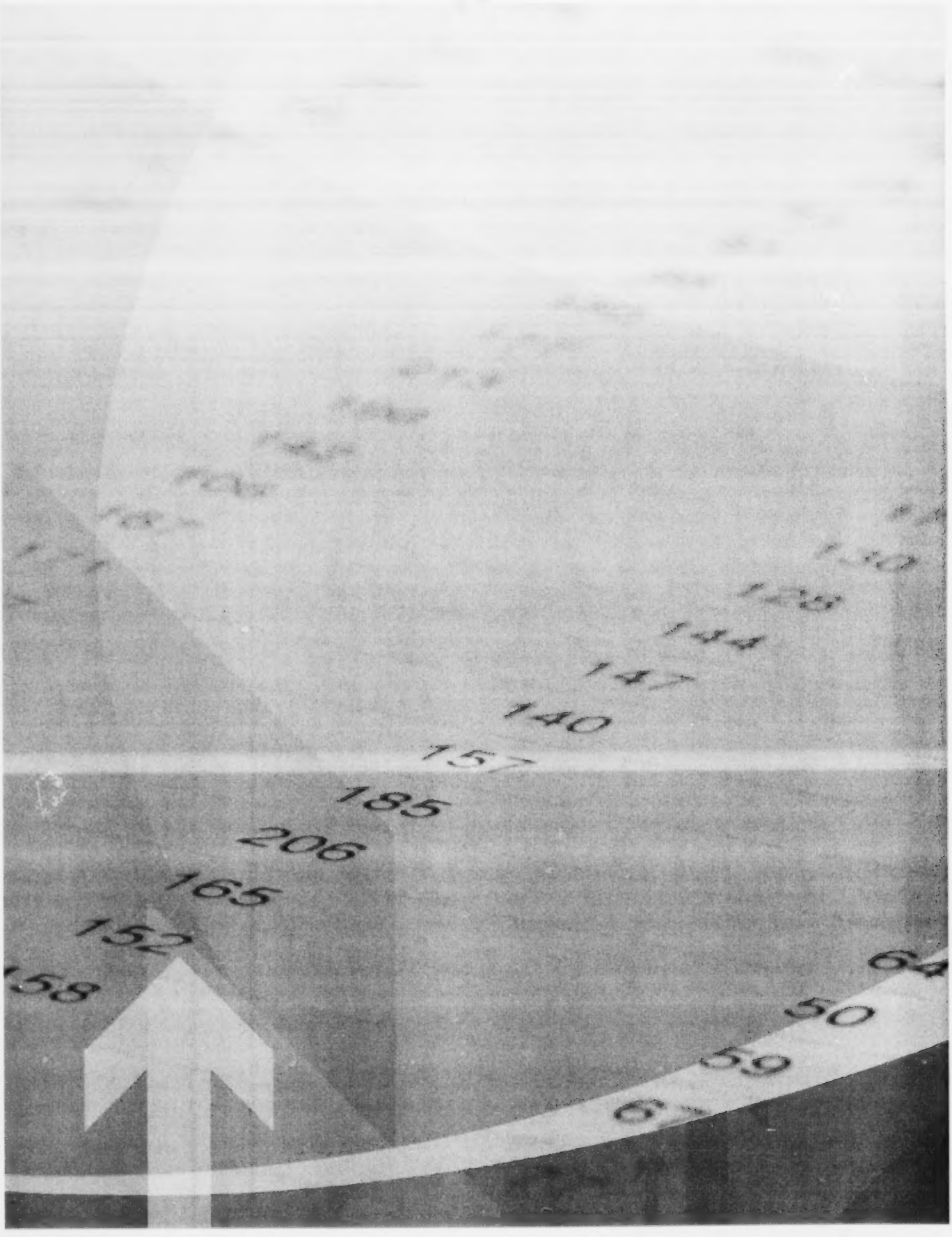
A critical aspect of the Commission's mandate is promoting public awareness and educating employers, workers and others about workplace health and safety.

Functional Areas

The Commission's lines of business are supported by four main functional areas:

- Employer Services – prevention and assessment services.
- Worker Services – compensation and health care services.
- Corporate Services – communications, corporate governance and planning, human resources, internal audit, legal and investigations.
- Financial Services – finance and information technology services.

Refer to the Workplace Health, Safety and Compensation Commission 2007 Strategic Plan for further details on the Commission's mandate and lines of business. Go to http://www.whscc.nl.ca/publications.whscc and select "2007 Strategic Plan".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Key Statistics

The Commission serves over 16,000 employers and approximately 12,000 injured workers across Newfoundland and Labrador. Offices are located in St. John's, Grand Falls-Windsor and Corner Brook and are staffed by over 350 employees. The Commission is governed by a Board of Directors which consists of ten members including a chairperson and three representatives each from employers, workers and the public.

In 2007, the Commission's total revenue was $217.6 million consisting of $137.7 million in employer assessments and $79.9 million in investment income. Employer assessments increased approximately $13 million (10.4 per cent) over the prior year due primarily to an increase in the assessable payroll base. Investment income increased $19.8 million (32.9 per cent) over the same period, primarily due to gains which had been deferred on the Commission's balance sheet at the end of 2006. These gains were realized during the current year from the turnover of assets in the injury fund.

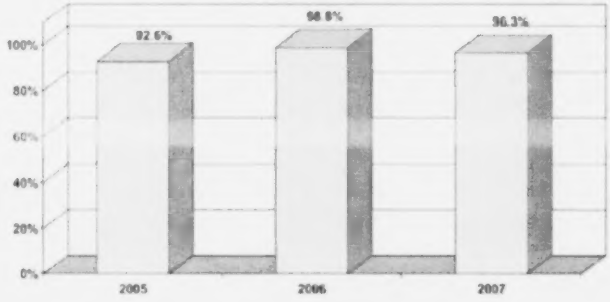
In real terms, the injury fund return in 2007 was only 1.9 per cent, compared with double digit returns in the previous two years.

The Commission was 96.3 per cent funded at the end of 2007 compared with 98.8 per cent at the end of the previous year. This decline in funding is primarily due to the growth in liabilities outpacing the growth in the Commission's assets. A very challenging investment market, particularly the conditions that commenced after the credit crisis in August, 2007, limited injury fund growth.

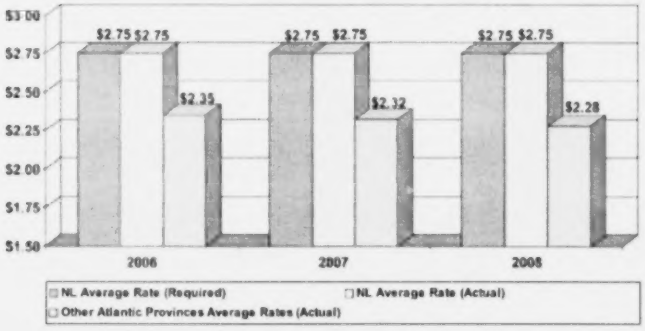
The average base assessment rate paid by employers in 2007 remained at $2.75, making it 19 per cent higher than the average rate of the other Atlantic Provinces. This is significant given that in 2002 the base assessment rate was $3.24 and 45 per cent higher than the average rate of those boards.

A critical aspect of the Commission's mandate is promoting public awareness and educating employers, workers and others about workplace health and safety.

Funded Ratio



Average Assessment Rates



Key Statistics *continued*

The Commission's efforts to educate workers and employers in health and safety awareness are contributing to safer workplaces and reduced injuries for workers. The incidence rate (number of injuries per 100 workers) for lost time claims in 2007 was 2.0, down from 2.1 in 2006. As a result of their occupational health and safety practices in 2007, employers were rebated $3.1 million on their average annual assessments through the Commission's PRIME Practice Incentive program in the current year. Cumulative rebates since the program inception in 2005 amount to $10.8 million.

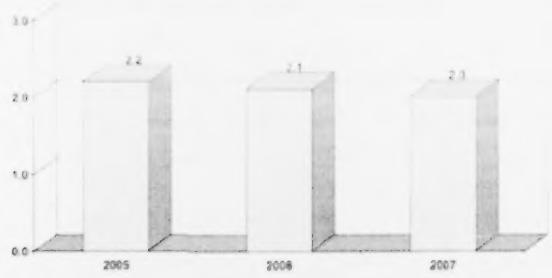
Injured workers and employers who are not satisfied with decisions made at the operating departmental level can request a decision review though our internal review process. In 2007, all requests for reviews were completed within our policy requirement of 45 days. When a request is made for an internal review we review the request upon receipt and, where possible, we take action to address the issue at an early stage. This early review or "triage" process sometimes results in the client not having to wait unnecessarily for the 45 day internal review process to be completed. Of the 1,343 requests for review in 2007, there were 269 requests addressed through the triage process.

In 2007, the Commission attended 53 Workplace Health, Safety and Compensation Review Division hearings. The Commission attends appeal hearings primarily to provide policy clarification and to provide information to assist with the external appeal decision making process.

Commission staff are highly competent, skilled and committed to continuously improving service to the clients we serve. The Commission's 2007 Employee Opinion Survey showed a staff satisfaction level of 68.7 per cent which is a significant improvement from previous years and on par with other Atlantic Canadian organizations. Overall job satisfaction, employee feedback and perceptions of job security are at their highest levels since beginning the survey tracking process.

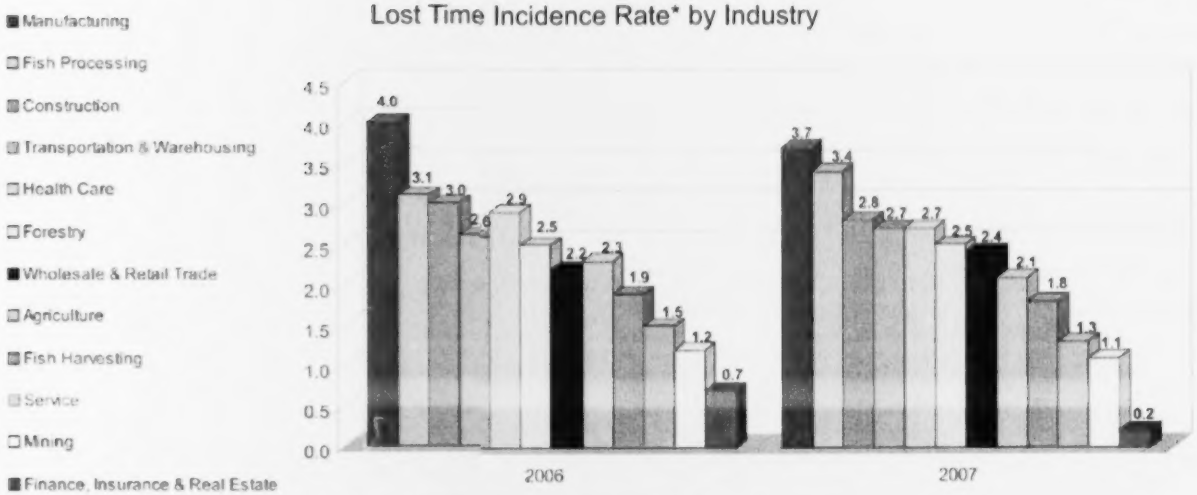
The Commission strives to ensure that employees are skilled, well trained and prepared to serve our clients. Throughout the year, the Commission achieved its training targets and an average of 4.6 training days per employee was provided. Management skills development, change management, occupational health and safety and privacy are examples of the types of training employees attended in 2007. The Commission continues to promote and support employees enrolled in post secondary education courses and professional development programs.

Lost Time Incidence Rate*



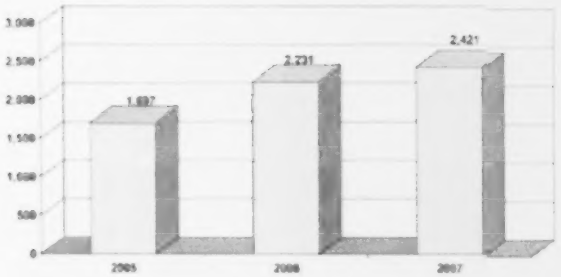
*The number of lost time claims per 100 people employed.

Lost Time Incidence Rate* by Industry

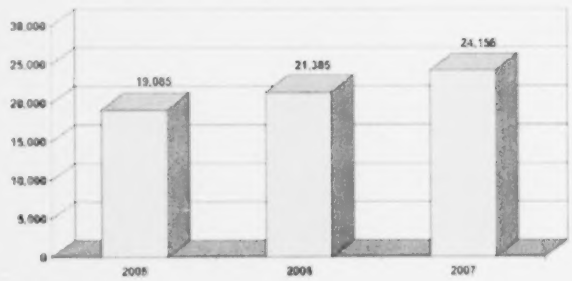


*The number of lost time claims per 100 people employed.

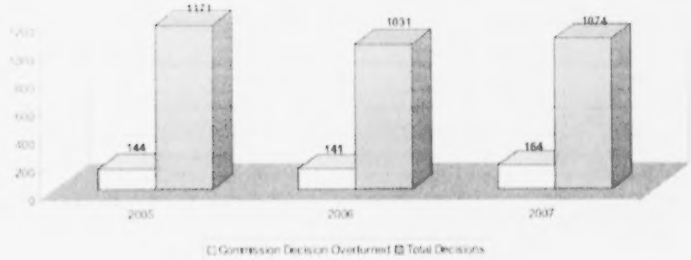
OH&S Committees Registered



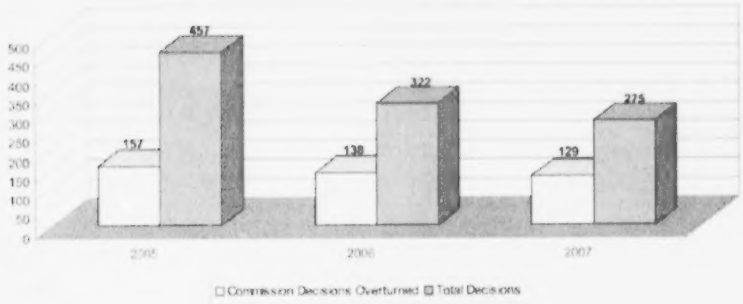
OH&S Committee Members and (WH&S) Representatives Trained



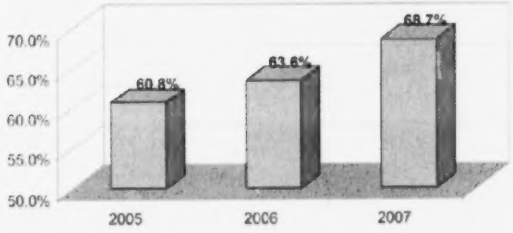
Internal Review Decision Outcomes



External Review Decision Outcomes



Staff Satisfaction



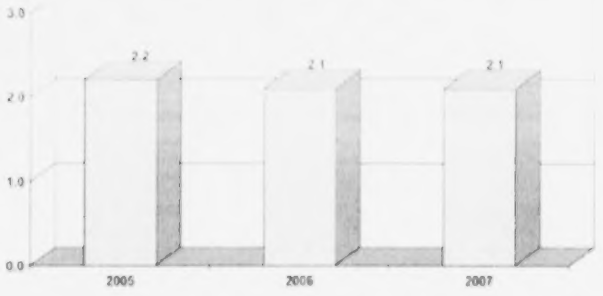
Shared Commitments

Good communication, cooperation and sound working relationships with stakeholders and partners are critical to the success of the Commission's business strategies and the success of our clients. The Commission's key strategic issues of client service, education, claims management and finances require a shared responsibility with employers, workers, related associations, health care service providers, research institutions, other boards and youth. The Commission has cultivated a number of key partnerships in carrying out its responsibilities to ensure the Commission addresses its strategic issues and the strategic direction of government.

Service Delivery

The Commission works with the Occupational Health and Safety Branch of the Department of Government Services to make recommendations respecting workplace health and safety and to develop programs promoting health and safety training and certification. The Commission also works closely with stakeholder groups representing workers and employers on delivery of its other programs such as early and safe return to work, health care and PRIME. Some of these stakeholder groups include the Newfoundland and Labrador Employers' Council; Newfoundland and Labrador Federation of Labour; Newfoundland and Labrador Medical Association; and Memorial University's SafetyNet, a community research alliance for occupational health and safety. In addition, partnerships have been developed with industry associations, government departments, youth driven organizations such as FINALY! and health and safety coalitions at both provincial and national levels. The Commission has also created a partnership with other Atlantic workers' compensation boards to share information on issues which may impact service delivery.

Young Workers Lost Time Incidence Rate*



*The number of lost time claims to workers aged 15-24 per 100 people employed.

The Commission continues to strengthen its partnerships with the province's health care provider groups including physicians, chiropractors, physiotherapists and occupational rehabilitation providers. In 2007, the Commission signed new three-year memorandums of agreement with physiotherapists and occupational rehabilitation providers. Memorandums are already in effect with physicians and chiropractors. These memorandums enhance the cooperative relationship that exists between the Commission and the province's health care providers to ensure appropriate, timely and quality care to injured workers. The 2007 memorandums place an increased focus on early and safe return to work.

Prevention

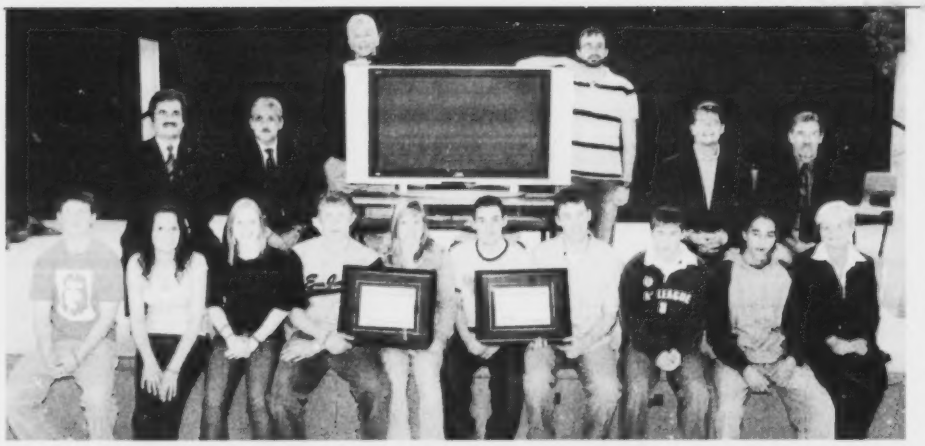
The Commission and its partners recognize the importance of focusing on the prevention of workplace injuries, illnesses and occupational diseases as the first line of defense. This means a shared responsibility and greater cooperative effort involving stakeholders in creating and sustaining a culture of health and safety. Where an injury or illness does occur, the Commission and its stakeholders work together to minimize the impact of the injury. In doing so, recovery is assisted and loss of income is lessened through appropriate health care intervention and proactive implementation of early and safe return to work.

A national poll conducted in 2006 found 61 per cent of Atlantic Canadians believe a workplace injury is inevitable, illustrating that workplace accidents are not perceived as a problem even though injury rates are still too high. The Commission is committed to trying to change people's attitudes and behaviors when it comes to safety. The goal is to create a culture whereby workplace accidents are socially unacceptable and to reduce the number of these accidents and injuries. Results of focus groups across Atlantic Canada have indicated that workers and employers want to see television commercials that show the injury combined with an emotional impact, especially the impact on family. The Commission continued to air its powerful television commercials as a part of a province-wide public education campaign called SAFE Work. This campaign was developed in partnership with the Nova Scotia and Prince Edward Island Workers' Compensation Boards, marking the first ever interprovincial collaboration in social marketing. Radio and television advertisements have been developed and placed on local media outlets throughout the Atlantic Provinces since 2006.

Youth Initiatives

The Commission has a key role in protecting young workers through education of employers, parents, educators and youth regarding the hazards and risks they may be exposed to in the workplace. Influencing youth before they enter the workforce is key to acquiring behaviours to prevent workplace accidents and injuries. While there has been some progress in injury prevention among youth, there is still a great deal of work to be done.

The Commission recognizes the expertise of industry partners in the promotion of young worker education and awareness and continues to identify and foster opportunities for interagency collaboration in this area. Partnerships with the Occupational Health and Safety Branch of the Department of Government Services, the Newfoundland and Labrador Employers' Council, the Department of Education, and other worker compensation boards are well-established. In the past year, new partnerships have been created with other organizations such as FINALY! (Futures in Newfoundland and Labrador Youth) and the



Laval High School in Placentia won first-place in the 2007 Workplace Safety 3220 Radio Ad Contest. Laval students helped to heighten awareness about the importance of occupational health and safety for youth by creating an innovative radio ad.

Labour Relations Agency. In 2007, the Commission was able to build on and strengthen existing initiatives with these partners and to advance new ones.

Integrating workplace health and safety content into high school curricula is critical to student education and knowledge uptake to promote behavioural changes in our future workforce. The Commission continues to develop and distribute educational materials to teachers and students in the Workplace Safety 3220 course. Peer education has shown to be an effective means of educating students. Recognizing the utility of this educational strategy, the Commission again promoted a radio ad public awareness campaign contest for students participating in the 3220 course. Last year, students at Laval High School in Placentia won the contest. The response to Laval's "Be Safe in the Workplace" rap advertisement was favourably received by the listening audience.

The Commission has further advanced health and safety curricula frameworks in high schools by developing workplace safety modules such as the Career Development 2201 course which is now a requirement for high school graduation. Teacher training and education was accomplished through a joint initiative with the Department of Education where the Commission provided health and safety teacher cross-training to 50 teachers in the skilled trades. Joint education efforts such as this are expected to continue on a regular basis. Awareness campaigns designed with messages to raise knowledge levels of safety in the minds of young workers were also undertaken.

Through collaboration with WorkSafeBC, the Commission brought renowned youth advocate and injured worker, Mel Camilli to Newfoundland and Labrador to reach out to more than 3,700 teachers and students with his personal and profound message about workplace safety. Keynote speakers like Mel, leave lasting impressions with his audiences about the importance of staying healthy and safe at work. By partnering with other worker compensation boards and participating in the Association of Workers' Compensation Board's National Youth Advisory Committee, the Commission is able to keep abreast of research and initiatives directed at young workers in other parts of the country.

The Commission recognizes that initiatives targeting youth need to be multifaceted. In 2007, a new concept was tested by delegates at the FINALY! leadership conference consisting of a game show, "Who Want's to Save a Life". Originally developed by the Industrial Accident Prevention Association (IAPA) in Ontario, this game show is designed to attract the attention of youth and make learning fun and interactive. The initiative was well received and subsequently shared with representatives from the Department of Education and FINALY!. Both groups appreciated the tool's value for increasing the effectiveness of education efforts among high school students. Partnerships are currently being established with the various schools in each of the regional school districts to pilot the initiative. The game is scheduled to be launched as a pilot in September 2008.

Outcomes of Objectives

The following section highlights the four strategic issues which represent the key priorities for the Commission along with the progress and accomplishments towards our 2007 goals and objectives. These strategic issues were identified in consideration of the Government's strategic directions along with the Commission's mandate and available resources. Additional detail on the strategic issues and objectives can be found in the 2007 Strategic Plan which is available on our website: www.whscc.nl.ca/publications.whscc.

Strategic Issue One: Client Satisfaction

The Commission exists to serve and support its clients and is committed to providing a high level of service. To create improvements, the Commission is focusing on building a stronger service culture within the organization. In doing so, the Commission will be better positioned to improve client service in the future.

Goal 1: By December 31, 2007, the Commission will have created an environment that better supports client satisfaction.

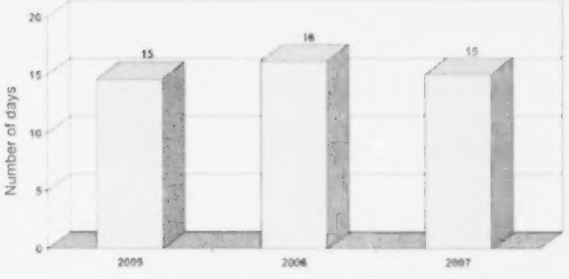
Objective: By December 31, 2007, the Commission will have created an environment that better supports client satisfaction.

Indicators	Progress and Accomplishments
Completed client service office pilot and developed recommendations	In May 2007, the Commission concluded a six-month Client Service Office pilot to receive, investigate and resolve issues related to client service; to identify trends and systemic concerns; and recommend improvements. The office responded to over 300 calls from injured workers, employers and other stakeholders on issues ranging from timeliness of service and accessibility to reliability, courtesy and helpfulness. The Board of Directors accepted the recommendation to establish a permanent Client Service Office in 2008.
Benchmarked client satisfaction	In order to gauge client satisfaction, the Commission will conduct its next round of injured worker and employer satisfaction surveys in June 2008. It was decided to not benchmark in 2007 but to use the results of the 2005 surveys as the benchmark for future performance.
Completed review of internal review process and developed recommendations	The Commission will proceed with a review following the receipt of government's position on the 2006 statutory review, which contained recommendations on the internal review process.

Indicators	Progress and Accomplishments
Increased education and awareness on the early and safe return to work program and policies for "priority" firms	Early and safe return to work (ESRTW) is a key program of the Commission which benefits both injured workers and employers by reducing the amount of time injured workers are away from the workplace. The Commission's return to work program coordinator worked with priority firms throughout the year to assist employers with program improvements and ensure the programs met return to work requirements under PRIME. Over time, these efforts will help reduce injuries and most importantly, make workplaces safer for our workforce. This will lead to fewer claims coming into the system and lower rates to employers. In 2007, five new early and safe return to work facilitators were hired which enabled the Commission to increase its education efforts to priority firms on early and safe return to work programs and their benefits. The ESRTW facilitators also work with workplace parties and case managers to improve the effectiveness and quality of return to work plans. The facilitators will continue to promote the importance of good return to work practices in the province's workplaces. Note: Priority firms are defined as the employers experiencing high injury rates, high costs or a high number of musculoskeletal injuries.
Initiated implementation of new claims management model: • Expanded services in Extended Services Unit • Established industry teams • Implemented claims registration • Established technical infrastructure required for new claims management systems (e.g., purchase and setup of hardware and software; implementation and setup of new database technologies; et cetera) • Implemented injury reporting forms • Commenced definition of service quality/key performance indicators (KPIs) • Implemented Early and Safe Return to Work Facilitator Positions • Implemented improvements to Labour Market Re-entry program • Initiated quality team implementation	As part of the Commission's commitment to continuous service improvement, services were expanded in the Extended Services Unit (ESU) and industry teams were established. Implementation of the new claims management model continued during 2007. The technical infrastructure required to support the new model was fully established including the setup of new hardware, software and database technologies. System design was conducted and extensive work went into the development of a new system for registering claims and the refinement of injury reporting and health care forms. Due to unforeseen implementation complexities, implementation of the new claims registration model including the new injury forms and the definition of key performance indicators has been scheduled for completion in 2008. The Commission hired five new early and safe return to work facilitators to assist case managers and workplace parties in the development of effective ESRTW plans for injured workers. The additional support of the ESRTW facilitators has resulted in positive feedback from employers and the participation rate for 2007 was 40 per cent. The position of Labour Market Re-entry (LMR) Coordinator was recruited in 2007, and will address quality and process issues related to the Commission's LMR program commencing in 2008. In 2007, implementation of the quality team was initiated to provide post implementation support and review of the new claims management model; to identify trends and results through data analysis; develop best practices; and to coordinate training and staff development. In 2007, two positions that will form part of the quality team (the Health Care Evaluation Coordinator and Business Analyst) supported Worker Services by providing statistical analysis and monitoring of trends in key service areas. Implementation is ongoing.

Indicators	Progress and Accomplishments
Implemented Web services for: • Registering occupational health and safety committees • Registering and updating worksites • Submitting occupational health and safety minutes • Submitting employer payroll statements • Submitting PRIME practice incentive questionnaires • Submitting occupational health and safety statements • Submitting sub-contractor statements	In 2007, development work was completed on new Web Services to enable occupational health and safety committees to submit committee minutes online and to perform updates on committee membership. Development was also completed to allow the Commission to register employer worksites online. The Commission encountered unexpected complexities with this work which required additional enhancements in 2007. These enhancements required extra time and as a result, the Commission will implement the new functionality in 2008 on a pilot basis. Other web services planned for implementation in 2007 related to online reporting for employer payroll statements which includes PRIME practice incentive questionnaires, occupational health and safety statements and sub-contractor statements. These services were deferred following a commitment to consult with employers on the frequency of payroll reporting to the Commission. The Commission will consult with stakeholders in 2008 on these items with implementation commencing in 2009.
Improved business processes through Red Tape Reduction Initiative	The Commission continues to make progress toward reducing red tape and introducing measures to improve client service in line with Government's Red Tape Reduction Initiative. This progress was achieved through work on key business initiatives such as web services and the identification of service improvements. The Commission achieved 76 per cent of the reductions targeted for year one of the three-year red tape plan and is dedicated to further reducing red tape for clients. The Commission plans to reduce more red tape in 2008 by engaging staff and its clients for feedback and suggestions.

Time to First Payment*



*Time to first payment is the average number of calendar days from receipt of appropriate reports to issue of first payment.

Case Load Distribution

2007 CEO Leadership Charter inaugural signatories who committed to occupational health and safety

Strategic Issue Two: Workplace Injury and Illness Prevention

The Commission's ultimate aim is to influence attitudes about workplace health and safety and effect a behaviour change at workplaces that will result in safer work environments and fewer workplace injuries.

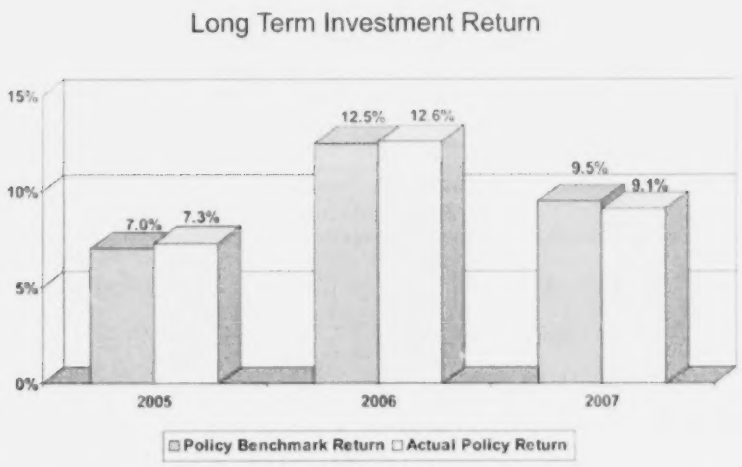
The Commission's mandate includes promoting public awareness and educating employers, workers and others about workplace health and safety. A focus on prevention and the development and continuous improvement of workplace health and safety will yield tremendous dividends for workers, employers and the workers' compensation system as a whole. As part of fulfilling this mandate, the Commission provided health and safety information through a variety of means and in partnership with stakeholders throughout 2007. The Commission's ultimate aim is to influence attitudes about workplace health and safety and effect a behaviour change in workplaces that will result in healthier and safer work environments and fewer workplace injuries.

Goal 2: By December 31, 2007, the Commission will have increased awareness of workplace injury and illness prevention practices.

Objective: By December 31, 2007, the Commission will have increased awareness of workplace injury and illness prevention practices.

Indicators	Progress and Accomplishments
Increased workplace awareness and knowledge of prevention practices as measured by: • Increased number of prevention education workshops delivered (2006 Benchmark = 49 sessions and 2007 Target = 70 sessions) • Increased personal contact with workplaces (2006 Benchmark = 583 personal contacts and 2007 Target = 950 personal contacts) • Increased assistance to "priority" firms • Increased focus on health care and forestry industry sectors with the goal of creating Sector Committees • Completed CEO Charter – Leadership in Health and Safety	Throughout 2007, the Prevention Services Department offered 99 prevention education workshops on topics such as hazard recognition and ergonomic awareness. Sixty-four workshops were delivered, two were cancelled due to poor weather conditions and 33 were cancelled due to low or no registrations (low registration is less than 10 participants). The workshops were attended by 1,226 participants. The Commission also increased personal contact with workplaces by Prevention staff through audits, field visits and presentations. In 2007, 1927 contacts were made compared to 583 in 2006. Assistance for priority employers was also increased in 2007, with a total of 789 contacts by Prevention staff, including field visits and presentations. In addition, 1,005 PRIME audits were conducted. The Commission maintained its commitment to increase focus on the health care and forestry industry sectors in 2007, with the ultimate goal of helping to foster the creation of sectoral councils. The purpose of these councils is to promote all aspects of occupational health and safety and return to work in Newfoundland and Labrador within a given industry sector. In 2007, the Commission established guidelines to provide development funding to assist interested parties in exploring the feasibility of establishing an industry sectoral council. In addition, the Commission participated in the planning of the health care sector's Building a Culture of Safety conference and continued to work with industry in exploring the establishment of a forestry sectoral council. Our focus on health care and forestry will continue in 2008. One of the highlights of 2007 was the first annual CEO Leadership Charter. On May 22, the Commission brought together 30 business leaders from around the province to sign a leadership charter as a commitment and shared vision to work together to improve workplace health and safety performance through sharing, mentoring and coaching. The charter was founded on the principle that the effective management of health, safety and wellness is essential to the operation of a successful business. Participation in this charter is a visible commitment from business leaders to actively take part within a learning community that provides and receives best practices for the enhancement of employee physical, social and mental well-being.
Increased employer awareness of PRIME in order to promote benefits of compliance with the program • Implemented 2007 PRIME communications plan • Evaluated Practice Incentive component of PRIME to assess effectiveness and identify improvements	The Commission implemented its 2007 PRIME communications plan. The Commission's website was populated with updated information for employers on PRIME and regular correspondence with employers was enhanced to include information on the requirements and benefits of PRIME. In addition, the Commission continued to promote PRIME through several sources including media, web, print materials, and presentations and was a major sponsor of the fall conference of the Newfoundland and Labrador Employers' Council. The PRIME compliance pass rates for 2007 (subject to audit) were 65 per cent for large employers and 24 per cent for all remaining employers. In 2007, 1005 PRIME audits were conducted. The PRIME audit tool was developed following consultation with the Newfoundland and Labrador Employers' Council and the Newfoundland and Labrador Federation of Labour.

Indicators	Progress and Accomplishments
	A comprehensive review of the PRIME validation system, including the PRIME practice incentive criteria was undertaken in 2007 and resulted in a number of improvements to the process.
Increased marketing and promotion efforts through contests to students taking high school Workplace Safety 3220 • 2006 Benchmark = 1 advertisement produced and aired • 2007 Target = 2 advertisements produced and aired	The Commission placed significant attention on raising awareness of occupational health and safety among the province's youth. The Commission continued to run its annual radio ad contest with provincial high school students who participated in the course Workplace Safety 3220. The ad contest is run in two components. The first component was to award the 2007 radio advertisement in the spring of 2007 to a student from Laval High School in Placentia. The second component was to produce and promote advertisements on local radio stations with positive responses from youth. The 2008 radio ad contest was promoted during the fall of 2007.
Increased number of general public aware of the importance of being safe at work as measured by: • Continued social marketing awareness campaign (i.e., SAFE Work) Targets: • 47% of NL residents feel that workplace accidents and injuries are an inevitable part of life • 70% of the employed workforce believes workplace health and safety is important in their day to day work life	The SAFE Work social marketing campaign resonated well in the Newfoundland and Labrador public and has made people become more aware of workplace safety. This is positive, however, more work is required to enhance and sustain awareness. In 2007, 54 per cent of Newfoundland and Labrador residents agreed that workplace accidents are an inevitable part of life, up from 52 per cent in the spring of 2006. In addition, 59 per cent of the employed workforce believes workplace health and safety is critically important in their day-to-day work life, down from 67 per cent in 2006. While workplace safety does not appear to be top of mind for most people, the Commission has found its SAFE Work television campaign to be an effective tool in getting the message to the public about the importance of being safe at work. This campaign is just one initiative which has contributed to lowering the 2007 incidence rate to 2.0. Newfoundland and Labrador now ranks as the third safest province in spite of the high percentage of workers covered. It is recognized that television advertising on its own will not achieve the attitudinal shift necessary for sustained awareness. The Commission will continue to collaborate with the boards in Nova Scotia and Prince Edward Island to complete the next phase of the SAFE Work campaign. These new radio, television and print advertisements will be released in early 2008 and will focus on helping the public realize they can take action to prevent a workplace injury from occurring.



Strategic Issue Three: Financial Stability

The Commission is entrusted with managing funds collected through employer assessments to ensure the system is financially sustained. Managing sustainability is done through investment policy, establishing employer assessment rates and providing affordable compensation benefits. While the financial situation of the Commission has improved over the past five years, there is still a long way to go before the system is on solid financial ground. The Commission has identified four key initiatives to improve the financial sustainability of the workplace injury/illness compensation system: the development of, and adherence to a comprehensive funding policy, management of administration costs, adherence to investment policy, and improved cost control through improvements in health care procurement.

Goal 3: By December 31, 2007, the Commission will have improved the financial sustainability of the workplace injury/illness compensation system.

Objective: By December 31, 2007, the Commission will have improved the financial sustainability of the workplace injury/illness compensation system.

The Commission's goal is to achieve a four-year annualized investment return which exceeds the policy return for the same period. The policy return is a weighted average of the market index returns for the respective asset classes in the injury fund

Indicators	Progress and Accomplishments
Developed and implemented a funding policy Adhered to funding policy • Target to be established once funding policy developed	The Commission worked with its actuary to determine the parameters of a sound funding policy that addresses long term financial stability. The Board has worked with its major stakeholders in developing a draft policy however, was unable to reach consensus with stakeholders in 2007. Further consideration of the policy will be necessary following consultation in 2008.
Continued management of administration costs • Administration costs as a percentage of benefit payments (exclusive of costs related to projects and special initiatives) are within 10 per cent of the national average (based on the latest available national statistics)	The Commission considers the ratio of administration costs to benefit payments to be a good indicator of fiscal management and is committed to maintaining its administration costs within a range around the national average when compared to other workers compensation jurisdictions. Administration costs are defined by the Association of Workers' Compensation Board of Canada, and the national average for 2006 was 19.4 per cent, the latest year for which national statistics are available publicly. Using 2006 as a benchmark, the Commission's maximum target was 21.4 per cent. In 2007, administration costs were 21.5 per cent of benefit payments compared to 19.7 per cent in the previous year. The recent trend in administration costs is primarily attributable to an expansion of services to stakeholders in addition to requested projects from stakeholders and past statutory review recommendations, which are labour intensive and result in a significant increase in human resource requirements. For 2007, administration costs totaled $23.8 million which was equal to the budget amount but $1.5 million above the previous year. The Commission is mindful of the need to prudently manage administration costs while addressing stakeholder requirements for a broader range of higher quality services. Resources were added in 2007 in support of case management, early and safe return to work, prevention and the extended services unit to improve services to long term clients. Approximately one third of the increase in administration costs was due to negotiated salary increases.
Adhered to investment policy • Achieve the benchmark performance target for each asset class Targets (Four Year): • Canadian equity – 150 basis points over the S&P/TSX Composite Index • U.S. equity – 100 basis points over the S&P 500 Index • Foreign (EAFE) equity – 200 basis points over the MSCI Index • Canadian fixed income – 50 basis points over the DEX Universe Index (previously called SC Universe Index)	The Commission's goal is to achieve a four-year annualized investment return which exceeds the policy return for the same period. The policy return is a weighted average of the market index returns for the respective asset classes in the injury fund. For the period ending December 31, 2007, the actual four-year annualized return was 9.1 per cent compared with the policy return of 9.5 per cent. In 2007, the four-year annualized investment returns in each of the Injury Fund asset classes compared to their benchmark index was as follows: Canadian equity actual = 84 basis points under index U.S. equity actual = 16 basis points under index Foreign (EAFE) equity = 123 basis points under index Canadian fixed income = 20 basis points under index Underperformance in these asset classes is not unique to the Commission for 2007. The factors that primarily contributed to the underperformance during the year include market volatility and the rapid increase in the value of the Canadian Dollar relative to the U.S. Dollar.

Indicators	Progress and Accomplishments
Improved cost control through improvements in health care procurement • Achieve a 10 per cent cost reduction on each new tendered health care good while maintaining quality	During 2007, the Commission undertook a number of initiatives to improve cost control while ensuring the provision of quality goods and services through enhancements to health care procurement practices. Two-year standing offers were established for mattresses and beds that resulted in reduced cost and improved processes for purchasing these items for clients. The Commission partnered with the Workers' Compensation Board of Nova Scotia on tenders for medical devices and physiotherapy aids. The next initiative through this partnership will focus on hearing aid batteries. The Commission realized savings ranging from 10 per cent to 60 per cent, depending on the product tendered, as a result of the tenders established in 2007. In the latter part of 2007, tenders for hearing aid devices, lift chairs, an interdisciplinary clinic for injured workers, personal care services and a drug formulary were initiated. The Commission also worked with health care providers to reduce the number of duplicate invoices submitted by those groups, thereby improving the turn around for bill payment. In addition, a system was implemented to automate the processing and payment of all specialist physician billings.

Strategic Issue Four: Responsive Organization

The Commission is committed to becoming more responsive to meet the needs of stakeholders. Key strategies for 2007 were designed to focus on human resources and communications to ensure the Commission is recognized as a responsive organization that adds value to the province. To meet increasing client service demands and to overcome challenges in the area of recruitment and retention, the Commission has designed human resource strategies to support employees to ensure our clients' needs are met in a caring and responsive manner. The Commission is also committed to improving public confidence, better managing expectations and strengthening partnerships with stakeholders through better communications around our mandate, roles and responsibilities.

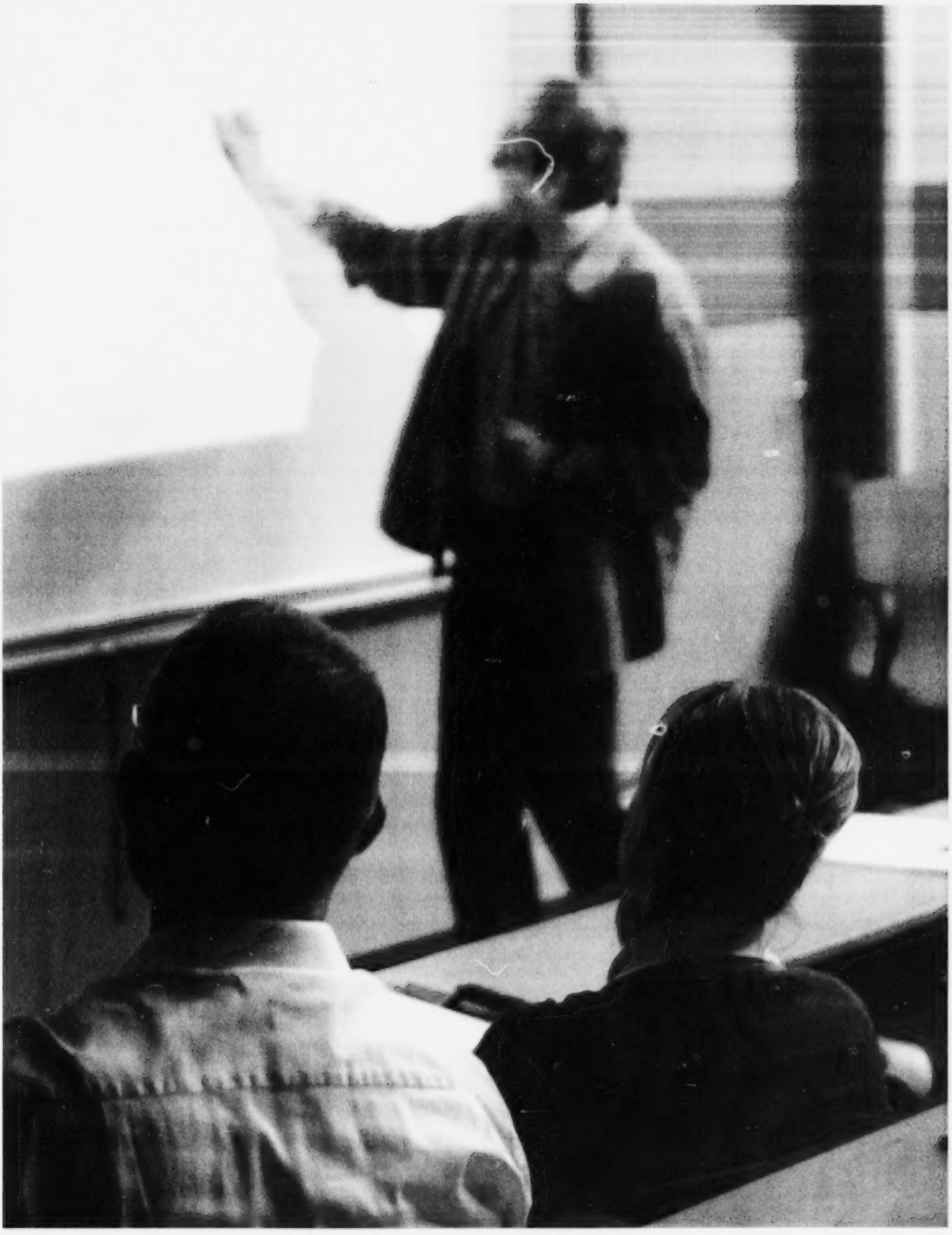
The Commission is also committed to improving public confidence, better managing expectations and strengthening partnerships with stakeholders through better communications around our mandate, roles and responsibilities.

Goal 4: By December 31, 2007, the Commission will have initiated implementation of key strategies designed to be more responsive in meeting the needs of stakeholders.

Objective: By December 31, 2007, the Commission will have initiated implementation of key strategies designed to be more responsive in meeting the needs of stakeholders.

Indicators	Progress and Accomplishments
Ensured critical positions are filled Developed and initiated implementation of a human resource strategy addressing: • Selection criteria to ensure skills requirements are properly matched to positions • Retention plans to support key positions • Capacity and succession planning	Throughout the year, the Commission initiated a number of key strategies focused on human resources. Development of a human resources strategy was initiated to address critical issues, including: attraction and retention for key client service positions, screening and selection criteria, as well as capacity and succession planning. Implementation of action plans focusing on attraction and retention issues began in 2007, including the addition of a recruiter position to the Commission, and will continue to be addressed throughout 2008. In 2007, recruitment procedures addressing screening and selection criteria were strengthened to ensure skill requirements are properly matched to positions. The Commission also implemented a new process early in the year to bring positions before senior management to confirm priority of recruitment for the organization in order to ensure critical positions are filled. Other recruitment improvements included increased participation in job fairs to promote the Commission and increased involvement of managers in the recruitment process. The Commission also implemented actions resulting from the new retention plan. In 2007, 19 temporary positions were made permanent, career growth within the Commission was promoted and regular departmental meetings were conducted to ensure information sharing. The Commission also continued to provide career path advice to employees.

Indicators	Progress and Accomplishments
	A succession and planning report was developed during the first half of 2007 and subsequently approved in principle by the Board of Directors during quarter four. Further analysis is planned and the Commission remains committed to implementing the action items from this report.
Developed and initiated implementation of strategies to increase staff satisfaction • Evaluated appropriateness of staff satisfaction tool	Staff satisfaction is important to the Commission. In 2007, a new web-based employee opinion survey was completed by employees in July. The participation rate was an impressive 71 per cent and the staff satisfaction index increased from 63.6 per cent in 2006 to 68.7 per cent in 2007. This type of index increase is rarely seen and is a tremendous improvement from previous results. The Commission continues to implement elements of the 2006 employee survey action plan.
Developed and initiated a communication strategy to: • Increase awareness of our mandate and limitations (expectation management/ public perception) • Increase awareness of personal stories and organizational achievements • Increase representation and/ or presence of Board members in the public • Baseline awareness levels of public Established a Board communication process (who talks, what, when and how)	Changing public attitude and perception of workplace health and safety and the Commission is a priority for the Commission's new vision and mission. To that end, the Commission began several key communications activities in 2007 in an effort to increase awareness of the Commission's mandate, improve public confidence and better manage expectations. The Chair and CEO of the Commission participated in an extensive outreach program which included road tours and speaking engagements. The purpose of this province-wide program was to increase awareness of the Commission's mandate and limitations in order to influence public expectations and also to promote organizational achievements. It is the intention of the Commission to develop metrics to measure awareness levels in the future. To further support these efforts, the Chair and CEO completed media interviews and spoke at conferences such as the Newfoundland and Labrador Employers' Council conference. The Board of Directors also structured its committees reflecting the Commission's lines of business including Worker Services, Employer Services, Corporate Services and Financial Services. Each committee chair meets regularly with Commission stakeholders and is mandated to discuss workers' compensation issues and communicate organizational achievements. In addition, the Commission's Executive Directors met regularly with the Newfoundland and Labrador Federation of Labour and the Newfoundland and Labrador Employers' Council to enhance involvement and communications with these organizations that represent workers and employers from across the province. Increasing awareness of personal experiences has also been a priority for the Commission in order to educate and motivate people about the importance of workplace health and safety. Mr. Mel Camilli, an injured worker from British Columbia made two visits to the province to share his experiences; approximately 3,700 students, teachers, employers and young workers heard his message about staying safe on the job. Feedback was positive from youth and teachers.
Implemented a SAFE Work symposium	The Commission originally planned to hold a SAFE Work symposium in 2007, however; it was determined that more research and planning would be required before proceeding with a province-wide symposium. The Commission has committed to hosting a national symposium in 2009.



Additional Highlights and Accomplishments

Mines Rescue Standards

The Commission is now responsible for setting standards for mines rescue training, certification and approval of training programs for the province. The Commission, in partnership with the mining industry and government, developed a mines rescue training standard which outlines the criteria for mines rescue training. The Mines and Aggregates Safety and Health Association of Ontario (MASHA) have endorsed these standards and will work with the Commission to implement them in 2008.

Training Needs Assessment

The Commission partnered with the Newfoundland and Labrador Employers' Council and the Newfoundland and Labrador Federation of Labour to conduct a review of health and safety training models in other Canadian jurisdictions for the purpose of developing and implementing a new model for training in our province. Work is continuing on this initiative.

Collaborative Initiatives on Occupational Disease

The Commission has been engaged in ongoing consultations with the United Steelworkers' (USW) regarding the development of a registry of former miners from the asbestos mine in Baie Verte. Terms of reference were developed and the project will commence in 2008. A working group consisting of representatives from the Commission, the USW and the community will oversee the registry project.

The Commission worked with the Marystown Family Alliance and the Canadian Autoworkers regarding potential occupational disease claims from the Marystown Shipyard. Work continues on this initiative.

Senior officials from the Commission visited Labrador in early November and met with current and former workers of the Iron Ore Company of Canada. The Commission is also working with Marine Atlantic and the Canadian Autoworkers concerning potential claims for asbestos exposure.

Rural Labrador Symposium Sheds Light on Health and Safety in the Workplace

An occupational health and safety workshop and symposium in Port Hope Simpson was the first of its kind to occur in rural Labrador. Shining a Light on Health and Safety in Southern Labrador was tailored for residents of the Labrador coast to discuss strategies to promote access to workplace health and safety services and training.

The Commission's efforts to educate workers and employers in health and safety awareness are contributing to safer workplaces and reduced injuries for workers.

Over the course of three days, participants attended workshops offered by the Occupational Health and Safety Branch of the Department of Government Services and the Commission. Sessions on occupational health and safety research in this province and available health and safety training programs were highlighted as well as ways to improve prevention of injuries and occupational disease.

SAFE Work Advertisements Being Promoted Outside Newfoundland and Labrador

The Commission's SAFE Work Newfoundland and Labrador messages reached far and wide in 2007. The Toronto Transit Commission saw the SAFE Work television advertisements and contacted the Commission to get permission to run them on their intranet. The Transit Commission said that, "the SAFE Work ads were impressive and wanted to use them in their internal safety training sessions." The goal of the Commission's SAFE Work social marketing campaign is to create a safety culture - an environment in which health and safety practices are continually evolving and one in which everyone is striving for continual improvement.

Skilled Trades Training: Training teachers on safety

Opportunities and Challenges Ahead

As we move beyond 2007 the Commission will be facing many new challenges and opportunities.

Improving Client Service

The probability of returning to work after an injury decreases the longer a worker is away from the workplace and can lead to long term disability. Therefore, an important part of improving client service is to assist more workers in returning to work as soon as it is safe to do so. The Commission's challenge is to continue to promote the benefits of early and safe return to work to both employers and workers to achieve successful return to work outcomes. This will lead to early and safe return to work, lower costs for employers and positive impacts to claim duration.

Youth and Public Awareness

The Commission strives to ensure that workplaces are healthy and safe for all workers. Research in 2007 has shown that 54 per cent of Newfoundland and Labrador residents felt that workplace accidents were an inevitable part of life. This was up from 52 per cent in 2006. Fifty-nine per cent of the employed workers believed workplace health and safety was critically important in their day-to-day work life, down from 67 per cent in 2006. This demonstrates the need for further education and awareness about prevention of workplace injuries.

The Commission will continue its SAFE Work social marketing campaign to help foster an attitudinal shift towards a stronger safety culture in the province. The Commission will also continue efforts in developing prevention training and the development of safety standards.

Many young workers are entering the workforce for the first time. The Commission will continue to work in partnership with youth stakeholders and government to develop programming specifically targeting the youth of our province.

Occupational Disease

Occupational disease is a chronic health problem caused by exposure to a workplace hazard. Occupational diseases have profound effects on work productivity and on the economic and social well-being of workers, their families and dependents.

The Commission provides coverage for occupational disease claims where it is shown to be caused by the workplace. Due to the latency period associated with occupational disease and increased awareness, the Commission is beginning to experience an increase in occupational disease claims from past exposures. As well, there are requests to expand coverage for these workers. There are many complexities associated with these types of claims, including clearly establishing that they are caused by workplace exposure. As a result, there is a need to address this area through increased research, policy development and improved access to specialized medical advice. Given the enormous impact of occupational disease, the Commission is sensitive to the needs of injured workers and their families when dealing with these claims.

Sectoral Councils

The Commission's Board of Directors has committed to the development of industry sectoral councils in which industry will take an ownership and leadership role in managing health and safety issues. Sectoral councils are tasked with providing effective and affordable safety training and related services. Such an undertaking requires the commitment and cooperation from both employers and labour unions for the success of this initiative. The Commission has provided funding for sectoral advisors to the Newfoundland and Labrador Employers' Council and the Newfoundland and Labrador Federation of Labour to collaborate with the Commission to promote the benefits of sectoral councils.

A Growing Economy

Our province has experienced tremendous growth over the past year and while this is great news for the economy, it does present challenges in keeping the labour supply strong and vibrant. The Commission strongly believes that a healthy workplace makes good business sense and is committed to keeping workers safe on the job. When injuries occur, facilitating early and safe return to work practices are vitally important.

Technology in a Changing World

Our world is always changing. Increasingly, the demand for better and faster service is often driven by new technology. Advancements in technology also present challenges in retraining of employees and the need for knowledge transfer.

The challenge for the Commission is in adapting to these technologies and implementing new online services to better meet client needs while safeguarding personal and confidential information.

The Pace of Change

The Commission is operating in an environment that expects faster, higher quality service. The challenge for the Commission will be to find a balance that meets those expectations while delivering on key business initiatives.

PRIME, the employer incentive program, is being expanded with the implementation of phase II (experience component) to all employers. The Commission has also started a major multi-year initiative to improve the management of claims. This new system will be more responsive to meeting our client needs but, will also result in significant changes for the Commission.

Our staff have embraced change management as part of our culture which is key to dealing with the fast pace of change in our workplace. Through our change management initiative we have looked for new ways for staff to work together, find creative solutions to problems and communicate more effectively. To accomplish this, we have established a joint management and staff change committee and have availed of a formal change management training program for employees.

2007 financial statements

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Management responsibility for financial reporting

The accompanying 2007 financial statements of the Workplace Health, Safety and Compensation Commission were prepared by management who are responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in this Annual Performance Report is consistent with these financial statements.

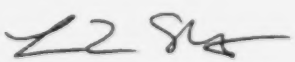
In discharging its responsibility for the integrity and fairness of the financial statements, management maintains a system of accounting and reporting which provides for the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal Auditor performs audits designed to test the adequacy and consistency of the Commission's internal controls, practices and procedures.

The Board of Directors oversees management responsibility for financial reporting through its Financial Services Committee. The Financial Services Committee oversees the external audit of the Commission's annual financial statements and the accounting and financial reporting and disclosure processes and policies of the Commission. The Financial Services Committee meets with management, external actuary and the internal auditor to discuss the results of the audit, the adequacy of internal accounting controls and the quality and integrity of financial reporting. The Commission's annual financial statements are reviewed by the Financial Services Committee with each of management and the external auditors before being recommended to the Board of Directors for approval.

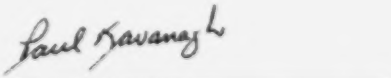
The Financial Services Committee has the duty to review the adoption of, and changes in, accounting principles and practices which have a material effect on the Commission's financial statements and to review and report to the Board of Directors on policies relating to accounting and financial reporting and disclosure processes. The Financial Services Committee has the duty to review financial reports requiring the approval of the Board of Directors prior to submission to the Minister of Human Resources, Labour and Employment to assess and review management's judgments that are material to reported financial information; and to review the independence and fees of the Commission's auditors and actuaries.

The firm of Morneau Sobeco has been appointed as independent consulting actuary to the Commission. Its role is to complete an independent actuarial valuation of the benefit liabilities of the Commission on an annual basis and to report thereon in accordance with generally accepted actuarial principles.

Grant Thornton, LLP, the external auditors of the Commission, have performed an independent audit of the 2007 financial statements of the Commission in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.



Leslie Galway
Chief Executive Officer



Paul Kavanagh
Chief Financial & Information Officer

With respect to the *Workplace Health, Safety and Compensation Act* of Newfoundland and Labrador, I state that in my opinion:

1. The total benefit liabilities as at December 31, 2007 for benefit payments of all types expected to be made after December 31, 2007 (including capitalized awards, future administration expenses, and the effect of future indexing) in respect of accidents of 2007 and prior years amount to $788,642,000 for assessed employers. Self-insured employers, and future claims arising from latent occupational diseases were not included in this valuation.

2. The data on which the valuation is based were provided by the Commission in accordance with detailed specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the Commission as described above.

3. The actuarial assumptions adopted in computing the foregoing liabilities are adequate and appropriate, and the methods employed are in accordance with accepted actuarial practice for workers compensation organizations in Canada. The economic assumptions adopted for purposes of computing the above-noted liabilities are consistent with the funding and long-term investment policies of the Commission. The discount rates used are disclosed in note 10 to the financial statements.

4. The valuation report has been prepared and my opinion has been given in accordance with accepted actuarial practice.

Details of the data, actuarial assumptions and valuation methods are set out in the actuarial valuation report as at December 31, 2007, of which this certificate forms part.

Conrad Ferguson, F.S.A., F.C.I.A.
Partner, Morneau Sobeco

April 7, 2008
Date

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
A1B 3P9
T (709) 722-5960
F (709) 722-7892
www.GrantThornton.ca

To the Board of Directors of the

Workplace Health, Safety and Compensation

Commission of Newfoundland and Labrador

We have audited the statement of financial position of the **Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador** at December 31, 2007 and the statements of operations, changes in fund deficiency, comprehensive loss and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

March 20, 2008

Chartered Accountants

Audit • Tax • Advisory
Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd

Statement of FINANCIAL POSITION
as at December 31

(dollars in thousands)	2007	2006
Assets		
Receivables (Note 3)	**$ 10,631**	$ 12,435
Investments (Note 4)	**757,648**	752,556
Capital assets (Note 6)	**14,156**	11,905
	$ 782,435	$ 776,896
Liabilities		
Bank overdraft	**$ 579**	$ 1,260
Bank indebtedness (Note 7)	**4,935**	4,947
Payables and accruals (Note 8)	**17,666**	17,526
Benefit liabilities (Note 9)	**788,642**	761,495
Total liabilities	**811,822**	785,228
Fund Deficiency	**(29,387)**	(8,332)
	$ 782,435	$ 776,896

Commitments (Note 20)

Contingencies (Note 21)

On behalf of the Commission

Ralph Tucker
Chairperson

Darren Roberts
Director

The accompanying notes are an integral part of the financial statements.

Statement of OPERATIONS
Years ended December 31

(dollars in thousands)	2007	2006
Revenue		
Assessments	**$ 137,713**	$ 124,763
Investment income (Note 4)	**79,918**	60,104
	217,631	184,867
Expenses		
Claims costs incurred (Note 9)		
Short-term disability	**28,900**	28,055
Long-term disability	**61,210**	58,286
Survivor benefits	**5,234**	7,327
Health care	**38,087**	38,625
Rehabilitation	**1,326**	1,330
Future administration costs	**3,547**	3,398
	138,304	137,021
Administration (Note 13)	**23,828**	22,356
Legislated obligations (Note 14)	**6,145**	6,347
Amortization	**2,017**	1,882
Other (Note 15)	**686**	633
	170,980	168,239
Surplus from operations	**46,651**	16,628
Actuarial adjustments (Note 9)	**265**	(8,771)
Surplus for the year	**$ 46,916**	$ 7,857

The accompanying notes are an integral part of the financial statements.

Statement of Changes in FUND DEFICIENCY
Years ended December 31

(dollars in thousands)	**2007**	2006
Accumulated operating deficit (Note 12)		
Balance, beginning of year	**$ (131,383)**	$ (139,240)
Operating surplus	**46,916**	7,857
	(84,467)	(131,383)
Accumulated other comprehensive income		
Balance, beginning of year	**122,138**	84,702
Other comprehensive (loss) income	**(67,947)**	37,436
	54,191	122,138
Reserves		
Occupational Health and Safety Research	**889**	913
Fund deficiency end of year	**$ (29,387)**	$ (8,332)

The accompanying notes are an integral part of the financial statements.

Statement of COMPREHENSIVE (LOSS) INCOME
Years ended December 31

(dollars in thousands)	**2007**	2006
Surplus for the year	**$ 46,916**	$ 7,857
Other comprehensive (loss) income:		
Unrealized (loss) gain on available-for-sale investments	**(21,596)**	57,481
Realized gains on available-for-sale investments included in surplus from operations	**(48,147)**	(21,841)
Amortization of reversal of investment gains	**1,796**	1,796
Net change in other comprehensive (loss) income for the year	**(67,947)**	37,436
Comprehensive (loss) income	**$ (21,031)**	$ 45,293

The accompanying notes are an integral part of the financial statements.

Statement of CASH FLOWS
Years ended December 31

(dollars in thousands)	**2007**	2006
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	**$ 139,517**	$ 125,977
Investment income	**15,769**	13,036
	155,286	139,013
Cash paid to:		
Claimants or third parties on their behalf	**(110,892)**	(113,482)
Suppliers and employees, for administrative and other goods and services	**(30,522)**	(22,483)
Third party, from reserve fund	**(24)**	-
	(141,438)	(135,965)
Net cash provided from operating activities	**13,848**	3,048
Cash flow from financing activities		
Change in proceeds from short-term borrowings	**(16)**	4,938
Net cash change from financing activities	**(16)**	4,938
Cash flow from investing activities		
Purchase of investments	**(8,884)**	(14,818)
Purchase of capital assets	**(4,267)**	(3,547)
Net cash used for investing activities	**(13,151)**	(18,365)
Net increase (decrease) in cash and cash equivalents	**681**	(10,379)
Cash and cash equivalents		
Beginning of year	**(1,260)**	9,119
End of year	**$ (579)**	$ (1,260)

The accompanying notes are an integral part of the financial statements.

Notes to FINANCIAL STATEMENTS
Years ended December 31, 2007 and 2006

1. Nature of operations

The Workplace Health, Safety and Compensation Commission (the Commission) was established by the Newfoundland Legislature in 1951, under the *Workplace Health, Safety and Compensation Act (the Act)*, as amended. The Commission is responsible for, in accordance with the provisions of the *Act*, preventing and reducing the occurrence of workplace injuries and diseases through the promotion of health and safety in workplaces; the establishment of occupational health and safety certification standards and certification of trainers; facilitating the claims management process and administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the *Insurance Companies Act* (Canada). An independent Workplace Health, Safety and Compensation Review Division is established under *the Act* to make rulings on any appeals pertaining to the Commission's assessment or benefit decisions. The Commission does not receive government funding or other assistance.

The Commission administers *the Act* for two groups of employers, referred to as assessment-based employers and self-insured employers. Assessment-based employers are insured through "collective liability" and are required to contribute to the Commission's Insurance Fund, whereas self-insured employers are individually liable. The Commission pays the actual cost of claims for self-insured employers and bills them on a monthly basis for payments related to short-term disability, health care, rehabilitation, extended earnings loss, permanent functional impairment awards and survivor benefits, together with their proportionate share of administration costs.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Commission's significant accounting policies are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents which include cash, bank overdrafts and short-term investments in money market instruments and which will be liquidated in the near term are recorded at fair value.

Significant accounting policies (cont'd)

(b) Assessments revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by installments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

(c) Assessments receivable

Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year-end, a provision for accrued assessments is recorded based on historical assessment information.

(d) Investments

Investments are designated as available-for-sale and are recorded at fair value. The Commission applies settlement date accounting for investments. Gains and losses realized on the disposal of investments are recorded in operating surplus in the year. Unrealized gains and losses are recorded in other comprehensive income until realized. Interest and dividend income are recognized in the period earned.

(e) *Capital assets*

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	10 years
Computer equipment	1 to 5 years
Systems development	1 to 5 years
Equipment under capital lease	3 to 5 years

(f) Benefit liabilities

The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or business practices in respect of existing claims and for future costs of administering claims. No provision has been made for future claims

2. **Significant accounting policies (cont'd)**

related to latent occupational disease, because they cannot be reasonably estimated.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

Benefit liabilities related to self-insured employers will be the responsibility of those employers when paid in future years. Accordingly, these benefit liabilities have not been determined by actuarial valuation and thus are not included in the Commission's benefit liabilities.

(g) Reserves

In accordance with Section 20.5 (1) of *the Act*, the Commission maintains a special reserve fund for the purpose of health and safety research. *The Act* permits the Commission to allocate up to a maximum of 2% of its total assessment and investment income in each calendar year to establish and maintain this special fund.

In accordance with Section 116 (1) of *the Act*, the Commission may, at its discretion, establish reserves for the following:

- to meet an increase in the capitalization of compensation payments payable in future years where the increase cannot be provided without placing an undue burden on the employers in an industrial classification;
- to meet the loss arising from a disaster or other circumstances which would unfairly burden the employers in an industrial classification; or
- subject to the approval of the Lieutenant-Governor in Council, to meet the costs of particular needs of the Commission that it considers necessary.

(h) Use of accounting estimates

1) Benefit liabilities

An actuarial valuation of the benefit liabilities is prepared by an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate.

Significant accounting policies (cont'd)

The Commission believes that the amount provided for benefit liabilities as at December 31, 2007, is adequate, recognizing that actuarial assumptions as disclosed in Note 10 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

2) Assessments revenue

Accounts receivable at year-end include an estimate of annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Commission, the recorded assessments revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

(i) Financial instruments

The Commission's financial instruments consist of cash and cash equivalents, receivables, investments and accounts payable and accruals. The carrying value of financial instruments, with the exception of investments, approximate their fair values due to their immediate or short-term maturity and normal credit terms. The fair value of investments is based on quoted market prices.

The following is a summary of the accounting model the Commission has elected to apply to each of its significant categories of financial instruments.

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Investments	Available-for-sale	Fair value
Payables and accrued liabilities	Other liabilities	Amortized cost

Investments include derivatives, which are financial contracts whose price is dependent on the price of one or more underlying securities. The notional principal amounts, upon which payments are based, are not recognized in these financial statements.

The fair value of the Commission's derivative positions is determined by the following methods:

1) Interest rate swaps, forward foreign exchange contracts and currency swaps are valued based on discounted cash flows using current market yields and exchange rates.

2) Futures contracts are valued based on quoted market prices.

(j) Post-employment benefits and annual leave

Costs for employee future benefits related to severance pay and annual leave are accrued over the periods in which the employees render services in return for these benefits.

(k) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants (CICA) issued section 1506 of the CICA Handbook, *Accounting Changes*, which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007, and are applicable for the Commission's year ended December 31, 2007.

(l) New accounting standards

In December 2006, the Canadian Accounting Standards Board (AcSB) issued new accounting standards Section 1535 *Capital Disclosures*, Section 3862 *Financial Instruments – Disclosure* and Section 3863 *Financial Instruments – Presentation*. The new standards are effective for fiscal periods beginning on or after October 1, 2007. The Commission will be reviewing the standards to determine what impact, if any, they will have on future reporting periods.

3. Receivables

(dollars in thousands)	**2007**	2006
Assessments	**$ 4,743**	$ 5,623
Accrued assessments	**3,900**	5,000
Other	**1,988**	1,812
	$ 10,631	$ 12,435

4. Investments

(dollars in thousands)	2007		2006	
	Fair Value	**Cost**	Fair Value	Cost
Fixed term	**$ 277,008**	**$ 285,247**	$ 232,350	$ 235,733
Equities	**479,667**	**417,682**	519,216	391,899
Accrued interest	**973**	**973**	990	990
	$ 757,648	**$ 703,902**	$ 752,556	$ 628,622

On December 31, 2007 the Commission held an investment in third party sponsored Asset Backed Commercial Paper (ABCP), Rocket Trust, Series A, with an original cost of $2,966,850. The investment was purchased in June 2007 and did not mature as scheduled in September 2007.

The Canadian market for third party sponsored ABCP experienced a credit and liquidity crisis in mid-August 2007. Pursuant to the Montréal Accord (the "Accord"), a group of financial institutions and other parties agreed to a standstill period in respect of ABCP sold by 23 conduit issuers. On September 6, 2007, a Pan Canadian Committee (the "Committee") was formed to oversee the proposed restructuring process of the ABCP. On December 23, 2007, the Committee approved an agreement in principle to restructure the ABCP issued by 20 trusts covered by the Accord, which includes the investments held by the Commission. Participants to the Accord also agreed in principle to the conversion of the ABCP investments into longer-term floating rate notes maturing no earlier than the scheduled termination dates of the underlying assets. The signatories to the Accord recently agreed to extend the standstill period to March 14, 2008. The Commission is not a signatory to the Accord. On March 17, 2008 the Ontario Court of Justice approved the Committee's application under the *Companies' Creditors Arrangement Act* for bankruptcy protection, thereby extending court protection to April 16, 2008.

With the continuing uncertainty in the ABCP market the Commission has recorded a provisional reduction in the value of the investment by 15% ($445,000) to $2,521,850. A portion of the write-down, $196,000, is an estimate of permanent impairment and is reflected directly in investment income. The permanent impairment applies to that portion of the Rocket Trust, Series A underlying assets (13.2%) not expected to be covered by an agreement to restructure the market. The Commission is estimating a 50% recovery of the ineligible assets of $392,000. The remaining write-down, $249,000 is considered an unrealized loss and is reflected in other comprehensive income. This amount reflects discounting of the investment given the longer term to maturity. In addition to a reduction in value, the investment has also been reclassified from a

4. Investments (cont'd)

current asset to a long term investment included in the above table as fixed term investments.

The disruption in the ABCP market resulted in a suspension in the active market. In the absence of a quoted market price, management has estimated the fair value using alternative valuation techniques based on assumptions that it considers appropriate, given information that is currently available. The resolution of these uncertainties could result in the ultimate fair value of these investments varying significantly from management's current best estimates.

The liquidity disruption in the ABCP market is not expected to have any significant impact on the Commission's operation or financial position. The revised fair value of the ABCP represents less than 1% of the fair market value of investments at December 31, 2007.

Investment income is comprised of the following:

(dollars in thousands)	**2007**	2006
Interest and dividends	**$ 19,918**	$ 17,152
Realized investment gains	**64,345**	47,110
Reversal of recognized unrealized investment gains	**(1,796)**	(1,796)
	82,467	62,466
Less: Portfolio management expenses	**(2,549)**	(2,362)
Total investment income	**$ 79,918**	$ 60,104

The Commission's asset mix policy for 2007 and 2006 is presented below:

	Asset Mix	**Tolerance Range**
Bonds, Canadian	35%	±5%
Equities, Canadian	35%	±5%
Equities, United States	15%	±3%
Equities, Europe, Asia and Far East (EAFE)	15%	±3%

5. Financial instruments

(a) *Market risk management*

The Commission invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are

affected by market changes and fluctuations. The Commission uses derivative financial instruments for trading purposes. Changes in the fair value of derivatives are recognized in income in the period in which they arise. At December 31, 2007 the fair value of the Commission's derivative portfolio was $358,000 (notional value of $23,451,000). Derivative instruments held at December 31, 2006 had a fair value of $34,000 (notional value of $10,157,000).

(b) Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 90.6% (2006; 94.1%) have at least an 'A' credit rating. The Commission does not anticipate that any issuers will fail to meet their obligations, except as outlined in Note 4.

The Commission may invest in short-term commercial debt or paper rated R1 or higher. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1. The short-term portfolio investments held with any one corporate issuer is limited to 10%, at any given time, of the Commission's estimated annual cash receipts.

(c) Foreign exchange risk management

The Commission has certain investments denominated in foreign currencies. The Commission does not undertake hedging strategies for the currency risk of foreign equity investments. These currency fluctuations are not expected to affect the long-term position of the investment portfolio. Forward foreign exchange and futures contracts are used to hedge the currency risk of certain foreign currency denominated fixed term investments. Hedge accounting has not been applied to these hedging arrangements. As at December 31, 2007, the Commission's holdings in foreign equities and pooled equity funds had a market value of $213.1 million (2006; $233.9 million) representing 28.1% (2006; 31.1%) of the market value of the total investment portfolio.

(d) Interest rate risk management

Fluctuations in interest rates are managed through interest rate swaps and by actively controlling the duration of the fixed income portfolio. The table below represents the remaining term to maturity of the Commission's fixed term investments.

5. Financial instruments (cont'd)

	Remaining Term to Maturity				
Fair Value (dollars in thousands)	Within 1 Year	1 Year to 5 Years	Over 5 Years	**Total 2007**	Total 2006
Fixed term investments	$39,128	$101,042	$136,838	**$277,008**	$ 232,350

6. Capital assets

(dollars in thousands)	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 11	$ -	$ 11	$ 11
Building	7,749	5,012	2,737	2,941
Furniture and equipment	2,694	2,284	410	441
Computer equipment	7,054	5,729	1,325	1,185
Systems development	20,677	11,004	9,673	7,327
Equipment under capital lease	218	218	-	-
	$ 38,403	$ 24,247	$ 14,156	$ 11,905

Included in systems development costs for 2007 is $3,322,000 (2006; $3,063,000) related to business improvement projects.

7. Bank indebtedness

The Commission has established an operating line of credit with its banker in the amount of $20,000,000. Advances on the line of credit bear interest at the bank's prime interest rate minus 0.6%. The credit facility is unsecured and was utilized during 2007 to the amount of $15,000,000; of which $4,935,000 was outstanding at December 31, 2007 (2006; $4,947,000).

8. Payables and accruals

(dollars in thousands)	2007	2006
Accounts payable	**$ 11,392**	$ 11,260
Annual leave and post-employment benefits, due to employees	**3,757**	3,596
Credit balances due to employers	**2,517**	2,670
	$ 17,666	$ 17,526

In 2007, accounts payable includes a provision of $3,800,000 (2006; $4,650,000) for amounts owing to employers under the Commission's practice incentive and experience refund programs.

9. Benefit liabilities and claims costs

An independent consulting actuary completes a valuation of benefit liabilities of the Commission on an annual basis. Such a valuation was performed as at December 31, 2007.

An analysis of the components of, and changes in, benefit liabilities is as follows:

(dollars in thousands)	2007							2006
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilit-ation	Future Admin Cost	**Total**	Total
Balance, Beginning of year	$ 45,823	$ 443,640	$ 55,558	$ 163,395	$ 3,262	$49,817	**$ 761,495**	$ 729,185
Add:								
Claims costs incurred:								
Current year injuries	25,769	27,755	1,033	25,448	1,104	-	**81,109**	81,692
Prior years' injuries	3,131	33,455	4,201	12,639	222	3,547	**57,195**	55,329
	28,900	61,210	5,234	38,087	1,326	3,547	**138,304**	137,021
Deduct:								
Claims payments:								
Current year injuries	8,680	420	5	6,629	2	-	**15,736**	16,273
Prior years' injuries	18,204	45,124	6,570	24,367	891	-	**95,156**	97,209
	26,884	45,544	6,575	30,996	893	-	**110,892**	113,482
Balance before actuarial adjustments	47,839	459,306	54,217	170,486	3,695	53,364	**788,907**	752,724
Actuarial adjustments	(1,338)	3,239	250	(61)	(584)	(1,771)	**(265)**	8,771
Balance, end of year	$ 46,501	$ 462,545	$ 54,467	$ 170,425	$ 3,111	$ 51,593	**$ 788,642**	$ 761,495

10. Actuarial assumptions

The benefit liabilities are based on projections of future benefit payments which reflect long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefit liabilities.

10. Actuarial assumptions (cont'd)

The table below lists the principal economic assumptions used.

	2007		2006	
	CPI-Indexed Awards	**Other Payments**	CPI-Indexed Awards	Other Payments
Gross rate of return	7.12%	7.12%	7.12%	7.12%
Inflation Year 1	1.80%	3.50%	2.50%	3.50%
Inflation rate future years	3.50%	3.50%	3.50%	3.50%
Net rate of return Year 1	5.23%	3.50%	4.51%	3.50%
Net rate of return future years	3.50%	3.50%	3.50%	3.50%

11. Reserves

As provided by legislation, the Commission maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2007, $24,000 was charged to the reserve (2006; Nil).

12. Change in accumulated operating deficit

(dollars in thousands)	**2007**	**2006**
Accumulated operating deficit, beginning of year	$ (131,383)	$ (139,240)
Favourable revenue variance	17,800	5,300
Interest on accumulated operating deficit	(9,400)	(9,900)
Investment income variance	38,200	21,200
Liability adjustments for prior years' claims	265	(8,771)
Other	51	28
Accumulated operating deficit, end of year	$ (84,467)	$ (131,383)

13. Administration expenses

(dollars in thousands)	2007	2006
Salaries and employee benefits	**$ 19,590**	$ 18,106
Office and communications	**2,372**	2,202
Building operations	**662**	553
Travel and vehicle operating	**618**	560
Professional fees	**586**	935
	$ 23,828	$ 22,356

14. Legislated obligations

The Commission is required by legislation to reimburse the provincial government for a portion of the operating costs of the Department of Government Services, the Department of Human Resources, Labour and Employment and the Labour Relations Agency in delivering their occupational health and safety mandate and all of the costs of the Workplace Health, Safety and Compensation Review Division. The Commission is required to fund the operating costs of the employer and worker advisor positions and the Statutory Review. Total expenses incurred by the Commission for legislated obligations are detailed below:

(dollars in thousands)	2007	2006
Government Departments and Labour Relations Agency	**$ 4,540**	$ 4,653
Workplace Health, Safety and Compensation Review Division	**1,054**	924
Employer and Worker Advisors	**551**	400
Statutory Review on Workers' Compensation	**-**	370
	$ 6,145	$ 6,347

15. Other expenses

(dollars in thousands)	2007	2006
External training initiatives	**$ 83**	$ 269
Business improvement projects	**603**	364
	$ 686	$ 633

15. Other expenses (cont'd)

External training represents funding provided to the Newfoundland and Labrador Federation of Labour for return-to-work training programs. An agreement with the Newfoundland and Labrador Federation of Labour expired March 31, 2007.

16. Related party transactions

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are settled under normal trade terms.

17. Industry levy

The Commission has levied a surcharge of $0.10 per $100 of payroll on employers in the construction sector to fund a portion of the operating costs of safety and health training programs conducted by the Newfoundland and Labrador Construction Safety Association. The amounts collected on behalf of the Association totalled $400,800 in 2007 (2006; $385,000) and are not included in the Statement of Operations.

18. Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally federal and provincial government bodies, who directly bear the costs of their own incurred claims and a share of administration costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

(dollars in thousands)	2007	2006
Assessments revenue	**$ 8,171**	$ 8,717
Claims costs incurred:		
Short-term disability	**632**	679
Long-term disability	**3,328**	3,386
Survivor benefits	**459**	722
Health care	**2,209**	2,455
Administration charges	**1,543**	1,475
	$ 8,171	$ 8,717

19. Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan, administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions of $1,254,000 (2006; $1,118,000) for pensions are recognized in the accounts on a current basis.

20. Commitments

The Commission has committed to operating lease payments for office premises and equipment for the years 2008 to 2012 in the amount of $230,000 annually.

21. Contingencies

The Commission may be liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.

22. Statutory Review

The *Act* requires that at least once in every five years the Government of the Province of Newfoundland and Labrador appoint a Statutory Review Committee (the "Committee") to review matters respecting the *Act* and regulations and their administration. On May 31, 2006 the Committee submitted its report to Government containing forty-four recommendations in the areas of accountability and responsibility, client service, occupational health and safety, benefits and review processes. As of the date of these financial statements Government is continuing its review of the Committee's recommendations. This review may result in proposed legislative changes that could have a material impact on the calculation of benefit liabilities. However, as the outcome of Government's review is unknown the Commission is unable to estimate the impact, if any, on its benefit liabilities.

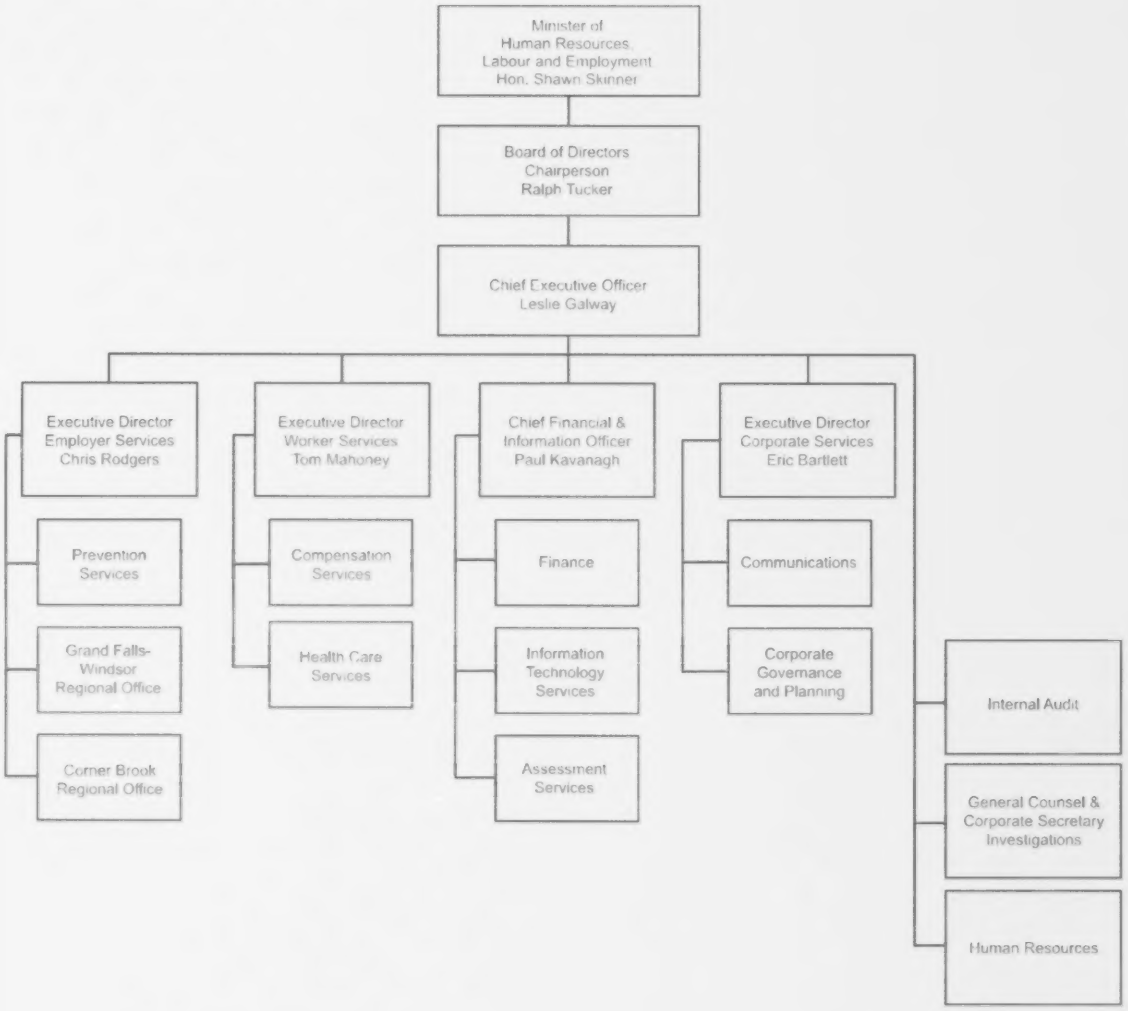
APPENDIX B

FIVE-YEAR HISTORY
DECEMBER 31, 2007

Statement of Operations and Fund Deficiency for the Years Ending December 31

(dollars in thousands)	2007	2006	2005	2004	2003
Revenue					
Assessments	$ 137,713	$ 124,763	$ 158,217	$ 166,965	$ 155,150
Investment income	79,918	60,104	37,091	17,733	22,623
	217,631	184,867	195,308	184,698	177,773
Expenses					
Claims costs incurred	138,304	137,021	133,003	134,276	138,141
Administration	23,828	22,356	21,016	21,383	21,183
Legislated obligations	6,145	6,347	6,505	6,177	5,589
Amortization	2,017	1,882	2,047	2,577	2,421
Other	686	633	1,225	1,162	952
	170,980	168,239	163,796	165,575	168,286
Surplus from operations before the following	46,651	16,628	31,512	19,123	9,487
Actuarial adjustments	265	(8,771)	(10,609)	31,848	(1,997)
Surplus for the year	46,916	7,857	20,903	50,971	7,490
Fund deficiency, beginning of year (as previously stated)	(8,332)	(53,625)	(56,063)	(170,117)	(177,580)
Change in accounting policies	-	-	(45,388)	39,104	-
Fund deficiency, beginning of year (restated)	(8,332)	(53,625)	(101,451)	(131,013)	(177,580)
Other comprehensive income	(67,947)	37,436	26,981	23,981	-
Appropriation to reserve fund	(24)	-	(58)	(2)	(27)
Fund deficiency end of year	$ (29,387)	$ (8,332)	$ (53,625)	$ (56,063)	$ (170,117)

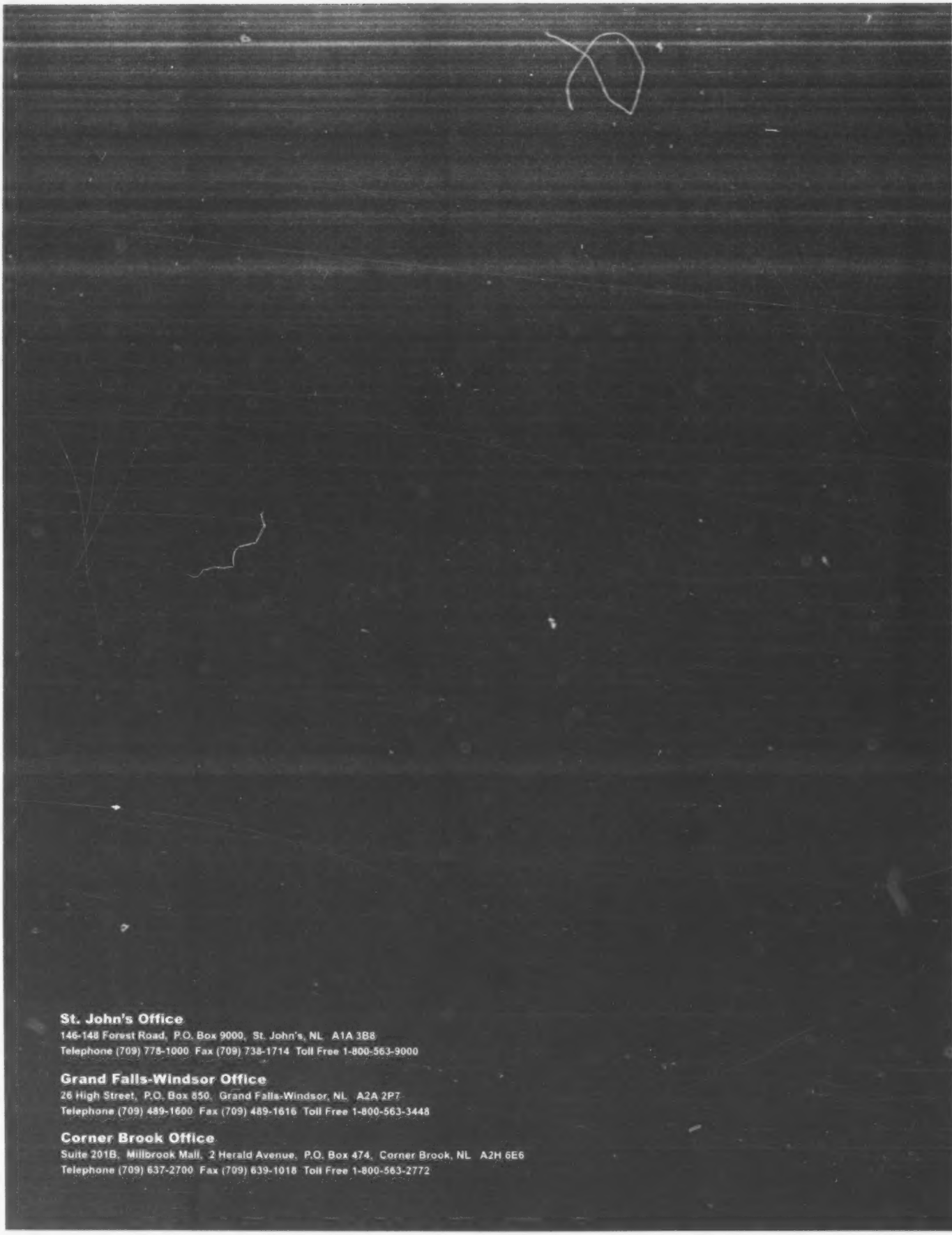
Organizational Chart



At a Glance - 2007

	2007	2006	2005	2004	2003
Incidence Rate	**2.0**	**2.1**	2.2	2.2	2.5
Soft Tissue Incidence Rate	**1.1**	**1.3**	1.4	1.4	1.4
Short-Term Disability Claims[2]	**4,353**	**4,568**	4,787	4,794	5,213
Health Care Only Claims[2]	**3,601**	**3,896**	3,696	3,572	3,779
Accepted Fatality Claims[3]	**23**	**18**	25	23	23
Accidents Resulting in Fatality	**7**	**8**	13	10	9
Occupational Disease	**16**	**10**	12	13	14
Average Composite Claims Duration	**112**	**107**	103	102	105
Average Assessment Rate[4]	**$ 2.75**	**$ 2.75**	$ 3.19	$ 3.24	$ 3.24
Required Assessment Rate[4]	**$ 2.75**	**$ 2.75**	$ 3.04	$ 3.10	$ 3.33
Registered Employer Accounts	**16,477**	**16,291**	16,067	15,697	15,209
Employer Assessments ($ million) (including self-insurers)	**$ 137.7**	**$ 124.8**	$ 158.2	$ 167.0	$ 155.1
Claims Costs ($ million)[5]	**$ 138.3**	**$ 137.0**	$ 133.0	$ 134.3	$ 138.1
Net Fund Deficiency ($ million)	**$ (29.4)**	**$ (8.3)**	$ (53.6)	$ (101.5)	$ (170.1)
Funded Ratio (percentages)	**96.3**	**98.8**	92.6	85.5	74.1

1. Number of lost time claims per 100 workers employed.
2. The number of new claims reported, accepted and paid up to March 31 of the following calendar year. Health care only claims do not involve lost time from work.
3. Accepted fatality claims are the total number of fatalities that were accepted in 2007.
4. Average assessment rate is the rate actually charged per $100 of payroll. Required assessment rate is the rate needed to fully cover all costs including amortization for a given year.
5. Claims costs includes current year payments plus expected future payments for all injuries occurring and accepted in the year.



St. John's Office
146-148 Forest Road, P.O. Box 9000, St. John's, NL A1A 3B8
Telephone (709) 778-1000 Fax (709) 738-1714 Toll Free 1-800-563-9000

Grand Falls-Windsor Office
26 High Street, P.O. Box 850, Grand Falls-Windsor, NL A2A 2P7
Telephone (709) 489-1600 Fax (709) 489-1616 Toll Free 1-800-563-3448

Corner Brook Office
Suite 201B, Millbrook Mall, 2 Herald Avenue, P.O. Box 474, Corner Brook, NL A2H 6E6
Telephone (709) 637-2700 Fax (709) 639-1018 Toll Free 1-800-563-2772